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### VIA ELECTRONIC FILING

March 31, 2009

Marlene H. Dortch, Secretary  
Federal Communications Commission  
455 12th Street, SW  
Washington, D.C. 20544

Re: Request for acceptance of filing in GN Docket 07-57, *Nunc Pro Tunc*

Dear Ms. Dortch:

I am writing to request that the Media Bureau accept the attached filing of iClick2Media and AlphaStar, *nunc pro tunc*, in replacement of the filing made on the record yesterday March 30, 2009 consistent with the deadline for filing Comments in the request for input on the Implementation of Sirius-XM Merger Condition that Four Percent of Audio Channels Be Leased To Qualified Entities and Extends the Deadline Form Compliance.<sup>1</sup> While uploading the comments onto the system minutes before the filing deadline, the wrong documents were inadvertently uploaded and several of the attachments referenced in the correct filing also did not attach. When I noticed the errors on the morning of March 31, 2009, the day after the filing, I requested that the Commission remove the incorrect filing from the Commission's Electronic Filing System and have subsequently uploaded the corrected version attached hereto.

To the extent that there is no perceived harm to the other eight parties who participated and filed their comments on time in the docket, I hereby request that the Commission accept the attached filing.

Thank you for your consideration.

Regards,

Jeneba Jalloh Ghatt

Jeneba Jalloh Ghatt  
Counsel for iClick2Media, Inc.  
And Alphastar International, Inc.

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<sup>1</sup> Public Notice, "Media Bureau Seeks Comment on Implementation of Sirius-NM Merger Condition" MB Docket No. 07-57, February 27, 2009/

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
Implementation of Sirius-XM Merger	)	MB-07-57
Condition That Four Percent of Audio Channels	)	
Be Leased To Qualified Entities and Extends the	)	
Deadline for Compliance with This Condition	)	

To the Media Bureau:

Comments of  
iClick2Media Inc. and Alphastar International, Inc.

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March 30, 2009



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## **Summary**

iClick2 Media is a production and distribution company that specializes in making content available on various digital formats and mediums. Alphastar is an FCC-licensed domestic fixed satellite company authorized to uplink and downlink in the Ku-band, and downlink in C-band. The two companies have formed a joint venture termed American Independent Radio or AIR, through which they are seeking to serve as the sole designated entity that would manage all independent supplier and content looking to get carriage on the Sirius XM set aside. In the alternative, AIR is seeking to be named the independent trustee to manage and aggregate the programming content from third party content suppliers that will be made available on the independent channel allotment. Given the flaws in lotteries, and first-come, first –serve allocations, in that they do not guarantee the best, unique and innovative content to be awarded slots, the selection of an independent trustee is the best case alternative.

In addition, the Commission needs to be mindful of a decision to adopt a definition of Qualified Entity that encompasses race classifications. There are already indications on the record that there are interested parties that may challenge any decision to use such a race-based definition in its Order. To remove itself from the taint of selecting leasees based on race, the Commission may be best advised to permit an entity like AIR to act in that independent trustee role and select the applicants. In the alternative, since Sirius XM came up with the definition in the first place, a solution may be to authorize Sirius XM to select the designated entity. It is AIRs wish that it be that entity.

AIR is uniquely qualified and positioned to be a true independent entity to administer all of the 24 channels because through AlphaStar it has the unique transmission facilities, studios, satellites and equipment to prepare the independent content it would aggregate from the independent content, and to source, encode, package and prepare it for delivery onto the Sirius XM satellite head end.

AIR has committed to adopt a quasi-public process in selecting the slate of applicants. It will encourage participation from the public in helping it finalize the selection criteria, the selection committee that will determine which supplier programmer gets on air and will permit comment and review of the ultimate applicants selected before the November 2009 proposed launch.

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
Implementation of Sirius-XM Merger	)	MB-07-57
Condition That Four Percent of Audio Channels	)	
Be Leased To Qualified Entities and Extends the	)	
Deadline for Compliance with This Condition	)	

To the Media Bureau:

Comments of  
iClick2Media, Inc. and Alphastar International, Inc.

iClick2Media, Inc. and AlphaStar International Inc. submit these comments in the above-captioned proceeding in response to the Media Bureau's request for input on the Implementation of Sirius-XM Merger Condition that Four Percent of Audio Channels Be Leased To Qualified Entities and Extends the Deadline For Compliance.<sup>1</sup> This request asks for input on a range of implementation issues, including (1) the definition of a Qualified Entity or Entities, (2) the process for establishing eligibility including the technical and financial qualifications of lessees, (3) the criteria for selecting among competing applicants where demand exceeds supply, (4) the technical aspects of allocation capacity to lessees, (5) the duration of the long-term lease, as well as other terms and conditions of services.

iClick2 Media is a production and distribution company that specializes in making content available on various digital formats and mediums. Alphastar is an FCC-licensed domestic fixed satellite company authorized to uplink and downlink in the Ku-

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<sup>1</sup> Public Notice, "Media Bureau Seeks Comment on Implementation of Sirius-NM Merger Condition" MB Docket No. 07-57, February 27, 2009/

band, and downlink in C-band. The company was one of the few original Direct-to-Home satellite services to serve rural parts of America, including Alaska, Hawaii and Puerto Rico. AlphaStar is preparing to launch a hybrid satellite/terrestrial broadband wireless service. The two companies have partnered to form a venture it will call **American Independent Radio or AIR**, with the intention of serving as the sole designated entity and the independent trustee to manage and aggregate the programming content from third party content suppliers that will be made available on the independent channel allotment.

The below comments summarize why the Commission should elect an independent trustee or a sole designated entity to manage the content, and in particular, why AIR should be that one selected entity.

**I. Selecting AIR would Foster Competition through the Creation of an Entirely Independent Entity Capable of Managing, Aggregating and Preparing Unaffiliated Content for Transmission**

The Commission seeks comment on “whether there should be a single lessee or multiple lessees”, whether Sirius XM should be part of the selection process, and if not who should make the selection.<sup>2</sup> AIR proposes that one entity be the lessee or trustee for selecting the sub-leasees. If the Commission is so inclined to select this option, AIR proposes that it be named the sole lessee or trustee. AIR is not proposing to produce content, per se, unless required<sup>3</sup> and therefore it is requesting to be the lessee for the limited purpose of serving as the independent trustee, if you will, to manage the content. For the purpose of this comment, AIR will refer to the program or content suppliers or programmers as “independent content programmers.” AIR shall designate, or assemble a board, committee, or entity, who’s only purpose will be to decide how and who to allocate a channel or a time share on a channel.

**a. AIR is uniquely qualified and positioned to be a true independent entity to administer all of the 24 channels.**

The Commission asks for input on establishing the technical financial eligibility of leasees.<sup>4</sup> Certainly, the selected entity should possess previous radio management and

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<sup>2</sup> Public Notice at para 3.

<sup>3</sup> In circumstances, where necessary, AIR has the capacity to create content, if needed.

<sup>4</sup> Public Notice at para3.

investment history, financial capability and reflect diversity of ownership, for attribution purposes; accordingly, those who have a current ownership interest in terrestrial assets and satellite radio should be given secondary treatment to those with no interest. If the goal is to advance new entrants and opportunities for those traditionally locked out of media ownership opportunities, the Commission should consider limiting the eligible entity in this way. AIR possesses the management and financial capability of being the sole designated entity and is prepared immediately to present the background and experiences of its Board of Advisors and Directors, in addition to its financial qualifications. As previously stated on the record by Alphastar<sup>5</sup>, the AIR initiative has the financial resources to launch the service within months of being awarded the lease. AIR is even uniquely positioned to serve as the independent entity, if only for the fact that it has an existing satellite uplink service and other facility capabilities to handle and prepare the content for transmission to the Sirius head end. This reality makes AIR a fully independent entity which would completely eliminate the need for Sirius XM to have to handle the content in any respects, and thereby maintaining the integrity of the independent status.

Before the Commission even approved the Sirius-XM merger, Alphastar came forth to express its interest in managing an independent set-aside if the conditions of the merger so dictated.<sup>6</sup> In its communications, Alphastar argued that

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<sup>5</sup> Letter from Jeneba Jalloh Ghatt, Counsel to AlphaStar, to Kevin J. Martin, Chairman, FCC (Jul. 16, 2008) at 1 (advocating that an independent entity administer leased capacity); *see also* Letter from Jeneba Jalloh Ghatt, Counsel to AlphaStar, to Rudy Brioche, Legal Counsel for Media Issues to Commissioner Adelstein, FCC (Jul. 23, 2008) at 1.

<sup>6</sup> Letter from Jeneba Jalloh Ghatt, Counsel to AlphaStar, to Kevin J. Martin, Chairman, FCC (Jul. 16, 2008) at 1 (advocating that an independent entity administer leased capacity); *see also* Letter from Jeneba Jalloh Ghatt, Counsel to AlphaStar, to Rudy Brioche, Legal Counsel for Media Issues to Commissioner Adelstein, FCC (Jul. 23, 2008) at 1.

(1) were the FCC to approve the merger and require a set aside of channels for minority programming, Alphastar, as a licensed FCC satellite broadcasting company, has the infrastructure to provide this service and is ready and capable to lease and/or administer the leasing of a portion of spectrum from the merged entity immediately; (2) the company is prepared to administer the lease exclusively to/for women, minority, small business, noncommercial and ethnic minority program providers, and in short will truly offer diversity in programming; (3) Alphastar would be entirely independent of XM/Sirius because it has a fixed domestic satellite license capable of uplink to the XM/Sirius satellite without relying on XM/Sirius in any respects; (4) the company would use its leased-capacity to expand service offerings beyond radio because it also has a license to provide video content and broadband access, and has a built-out facility that links into the fixed wireless spectrum; (5) Alphastar is willing to talk with XM/Sirius and has value added services to offer both companies or a merged entity; and finally, (6) the company has access to program content providers and funding to accomplish all it has proposed.<sup>7</sup>

The reasons expressed in those earlier filings still hold true today. AlphaStar sits on 12 acres of land in Oxford, Connecticut and is one of only a dozen world-wide fully-equipped satellite stations capable of receiving and broadcasting satellite signals. It has unlimited capabilities in data transmission, data storage, internet and wireless communications and functioning, as well as other services. Its facility is able to produce, originate and playback content. It has the capacity to create ad insertion; encode and digitize content to fit any format; monitor video and audio content; redistribute satellite feeds to fiber networks and vice versa; and to feed satellite content to ISPs, cable head ends, wireless systems, and receiver technology at corporations and institutions. AlphaStar has the ability to uplink and downlink feed in the Ku-Band, C-Band and VSA in both analog and digital format. It can stream live events and link to terrestrial customers.

Since making its initial intentions and interest on this docket, AlphaStar has partnered with iClick2Media, a minority owned media company with principals and board members with entrenched experience in media and radio marketing and promotion.

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<sup>7</sup> *Id.*

iClick2Media has agreed to undertake the task of processing inquiries and applicants from content suppliers wishing to gain access to the independent channels. AIR has identified sources of funding to support the launch of the service to select a board that will choose independent content programmers to appear on the channel allocations. AIR would use preliminary seed funding to prepare AlphaStar's facilities to begin managing and preparing the independent programming.

**b. AIR Proposes to Adopt Procedures That Will Encourage Unique and Diverse Content**

For years, the Commission has acknowledged the importance of diversity in viewpoints, outlets, programming and minority ownership.<sup>8</sup> Courts have upheld the Commission's authority to promote diversity<sup>9</sup>, recognizing that diversity in broadcasting fosters more competition and quality programming that is essential to our democracy. Indeed, the foundation of the public interest standard is rooted in the ideals of competition, localism and diversity which underlie our system of broadcast regulation.

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<sup>8</sup> See, e.g., Statement of Policy on Minority Ownership Of Broadcasting Facilities, 68 FCC2d 979, 981(1978) ("Adequate representation of minority viewpoints in programming serves not only the needs and interests of the minority community but also enriches and educates the non-minority audience. It enhances the diversified programming which is a key objective not only of the Communications Act of 1934 but also of the First Amendment."); Amendment of Section 73.3555 of the Commission's Rules, the Broadcast Multiple Ownership Rules, 4 FCC Rcd 1723, 1724 ¶7 (1989) ("Although one of the structural purposes underlying our multiple ownership rules is to encourage diversity in the ownership of broadcast stations, we have encouraged ownership diversity as a means of promoting diversity of program sources and viewpoints, not as an end in itself"); 2002 Biennial Regulatory Review, Report and Order, 18 FCC Rcd 13620, 13630 ¶30 (2003), aff'd in part and remanded in part, *Prometheus Radio Project v. FCC*, 373 F.3d 372 (3d Cir. 2004) stay modified on rehearing, No. 03-3388 (3d Cir., September 3, 2004), cert. denied, 125 S. Ct. 2902 (2005) (agreeing with the Commission that "protecting diversity is a permissible policy" objective, noting that "[i]n the context of the regulation of broadcasting, 'the public interest' has historically embraced diversity") (citation omitted).

<sup>9</sup> See, e.g., *FCC v. National Citizens Committee for Broadcasting* 436 U.S. 775, 795 (1978) (affirming the Commission's authority "to conclude that the maximum benefit to the public interest would follow from allocation of broadcast licenses so as to promote diversification of the mass media as a whole") (internal quotations omitted); *Metropolitan Council of NAACP Branches v. FCC*, 46 F.3d 1154, 1162 (D.C. Cir. 1992) citing *id.* at 794-795 (discussing the Commission's broad authority "to determine where the public interest lies in the regulation of broadcasting to foster diversity"); *Fox Television Stations v. FCC*, 280 F.3d. 1027, 1042-43 (D.C. Cir. 2002).



To further those goals, the Commission, under sections 307 and 309 of the Communications Act, may grant the use of a broadcast frequency for a limited term to an applicant that demonstrates that the proposed service would serve “the public interest, convenience, and necessity.”<sup>10</sup>

AIR proposes to carry out the public interest obligations by providing a new range of unique programming that offers diverse viewpoints. AIR would require program providers to broadcast uninterrupted, nonrepeat or rebroadcast of original content. In addition, the content would and could not already be available on terrestrial or Satellite radio. Likewise, the content provider should not have had or currently have a relationship or agreement whereby its content is made available on a national syndication basis.

**c. AIR will adopt a quasi-public process and encourage participation from the public**

To facilitate the ease of implementation and consistency, AIR recommends that the FCC award it the sole authority to orchestrate all 24 channels that would make up the entire capacity allocated for independent unaffiliated programmers. AIR proposes to step in and expedite the availability of diverse content producers and owners on the current SDARs satellite network, now owned and managed by the combined Sirius XM entity.

In this era of media consolidation it is ever so important that satellite radio remains a viable choice for consumers. There is a plethora of exciting, innovative and diverse content different from what is already available on Sirius XM and terrestrial radio formats. Internet Radio, for example, defined by Arbitron as Over-the-Air radio station programming, rebroadcast on the Internet or audio programming available exclusively on the Internet, numbers in the thousands these days.<sup>11</sup> Similarly, Audio podcast is giving Satellite radio competition for listeners. Audio podcast is the concept of downloading

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<sup>10</sup> 47 U.S.C. §§ 307, 309 (2000).

<sup>11</sup> *The Infinite Dial 2008: Radio's Digital Platforms*, Arbitron Listening Report 2008, Online, Satellite, HD Radio® and Podcasting ([http://www.arbitron.com/downloads/digital\\_radio\\_study\\_2008.pdf](http://www.arbitron.com/downloads/digital_radio_study_2008.pdf))

various types of longer-form online audio programs, in the form of digital files that a listener can tune into at any time. Audio podcasting does not refer to the downloading of individual MP3s or songs but to the download of program-oriented online audio (such as a talk show or a hosted music program), usually as an automatic download that can be listened to at the user's convenience. According to Arbitron, thirteen percent of Americans age 12 and older reported listening to online radio in the last week.<sup>12</sup>

The lack of clear-cut and well defined rules by the Commission is likely the reason for the slow roll out of these new and innovative alternatives. However, even after crafting these rules, it could be an onerous and lengthy process before Americans are able to hear independent radio content. First, the negotiating process for leases of thousands of applicants could wind up being quite time consuming. It may be safe to assume that Sirius XM's priorities are not in uploading independent competitors onto its network. As the independent aggregator, AIR offers to administer the service, eliminating a barrier to providing immediate content diversity. AIR would have the sole mission of getting the content selected and prepared for launch as soon as possible and certainly within 120 days of being selected as the qualified entity.

Second, selecting AIR may overcome any legal challenges to the constitutionality of the Commission deciding on the race or gender of a programmer. Third, AIR may be able to serve as a mediator between independent content producers and suppliers who may be mystified by the process of entering into a lease agreement with Sirius XM, currently a monopoly SDAR provider. During our informal discussions with independent content supplier, several of them shared their sentiments over feeling intimidated by the process and unsure about how much financial outlay they will have to expend to prepare their content for satellite radio. Still others have expressed concern over potential discriminatory treatment of their content. This brings us to the fourth reason to assign AIR the independent trustee status: given the independent nature of AlphaStar's

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<sup>12</sup> *Id.* Also stating that Over one in seven 25- to 54-year-olds listen to online radio on a weekly basis. Fifteen percent of Americans age 25-54 are weekly online radio listeners. Online radio delivers 14 percent of persons in the prime 18-49 radio buying demo. In this market, with increased competition for the listening audience, it is important that the Commission quickly usher the ability for vibrant new alternatives to the existing content on Sirius XM.

transmission facility, content suppliers would not need to deliver their programming to Sirius XM and fear that their content would be given inferior, degraded, secondary or discriminatory treatment.

To maintain its autonomy and independence, AIR, and not Sirius XM, would be responsible to ensure that all content broadcast on the independent channels adhere to the Commission's rules related to indecency, US Copyright and digital music royalty laws, and any public file and inspection rules, as applicable. Also to instill confidence in it as the selected entity, AIR is willing to use a transparent and public process for (1) selecting the criteria to decide who gets a channel or programming slot allotment; and (2) selecting a board that will decide on who should go on air.

To encourage the maximum amount of listeners to the channels, AIR proposes to make the channels available free-of-charge regardless of whether or not the listener is a Sirius XM subscriber. The universe of listeners would expand to include those with expired Sirius XM radio subscriptions; those who never activated their radios even though satellite receivers may have come pre-installed in their automobiles; those with mobile devices such as laptops and portable phones with satellite enabled transmitters. The purpose would be to increase the reach of diverse program options as much as possible.

AIR is prepared to install a process so that within fifteen to thirty days of being selected, it will have established, (1) a preliminary criteria for content suppliers; and (2) a tentative selection board. Following the selection, it would establish a public comment and in the interim would prepare for launch and work with the tentatively selected content providers. AIR would make available the bios and background of the persons selected to be on the committee to the public for review and comment. Within 60 days it would be prepared to launch and respond to public input regarding the criteria and selection committee and to begin receiving applications. Thirty days from that date, it would have tentative selectees which AIR will prepare to launch. The process,

throughout, would remain open to review and comment from the public. Under this scenario, within 120 days of the Commission decision, AIR would be poised to launch the first round of content suppliers to appear on the independent channel allotment.

If selected, AIR would like to be rewarded the lease for the same period as Sirius XM holds their license renewal. AIR agrees with arguments made by other parties on this docket, that for purposes of continuity, an, extensive renewal period would ensure that economies of scale are realized. The initial investors in AIR would be more willing to assist in the seed funding if it knew AIR would have ample opportunity to launch and function without the burden of having to reapply for another lease too soon after it has begun to offer programming.

Air also proposes that those independent program suppliers be awarded 2-3 year licensing rights. A shorter renewal period may be warranted for several reasons. First, since the goal is to maximize the amount of entities that can appear on the channel, it is more plausible if the original allotted entities are not guaranteed to occupy the space for too long. Second, a shorter period would allow a program or channel that is not meeting the needs of the community to potentially be replaced. Also, if there is substantial opposition to any one provider for violating the public interest, a shorter renewal period would be an exit means of changing the ineffective or ill-responsive programmer. Third, for those awarded, if they were subject to a short renewal period, they would be mindful to maintain the highest quality of content to maintain their positions.

AIR would adhere to the one channel, one programmer for the noncommercial entities as proposed in the Order.<sup>13</sup> For the 4% allotment for qualified entities<sup>14</sup>, AIR proposes to permit 6 channels to be entirely programmed by a program entity and the remaining 6 to be divided up into 1, 2-, 3-, 4- 5 and 6- hour block depending on what the applicant present. The idea behind instituting a time-share arrangement is that it may be cost-prohibitive for some content providers to produce and fill an entire 24 hour block of programming on an entire channel. Likewise, AIR is aware of a significant number of quality programs and public affairs programming with large followings that are independently produced but last no longer than 2 hours, in some instances. If the goal is to fill the airwaves with a unique and extensive pool of content from diverse sources, one sure way of accomplishing this goal would be to adopt a time share arrangement.

AIR would use its own resources to market its service to the universe of potential content providers. Consequently, it would also not rely on Sirius XM to advertise its allotment, but rather would engage a marketing company to help it promote the channels as AIR builds its brand. Likewise, the content producers would use their own resources to promote their channel and would need to generate advertising revenue.

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<sup>13</sup> See, *Applications for Consent to the Transfer of Control of Licenses, XM Satellite Radio Holdings Inc., Transferor, to Sirius Satellite Radio Inc., Transferee*, 23 FCC Rcd 12348, 12408, ¶ 131 (2008) (“*Sirius-XM Order*”).

<sup>14</sup> Four percent of the full-time audio channels currently represents six channels on the Sirius platform and six channels on the XM platform, for a total of 12 full-time audio channels. The Applicants stated that, as digital compression technology enables the combined company to broadcast additional full-time audio channels, it will ensure that a Qualified Entity or Entities continue to have access to four percent of full-time audio channels on the Sirius platform and on the XM platform, and in no event will the combined company reserve fewer than six channels on the Sirius platform and six channels on the XM platform. *Id.* at 12409-10, ¶ 134; *Id.* at 12434-35, App. B.

**II. While the Commission should promote its original definition of qualified entity, it should be mindful to adopt a method that survives scrutiny.**

AIR is a majority African-American run company that would indeed meet the requirements of the proposed definition of qualified entity as indicated in the Order. In response to the Commission's plea for comments on the definition of qualified entity,<sup>16</sup> AIR conditionally supports the definition particularly given the dearth of minority-owned businesses that own radio stations in America. Maintaining the current definition in the Order would certainly respond to the interests of encouraging diverse and new owners of media. Certainly, the need for diverse voices in media to protect the public interest is well documented.<sup>17</sup> The most recent statistics, for example (using Free Press' 2007 statistics, since the Commission has no reliable statistics of its own) indicate that minorities own 7.78% of commercial full power radio stations and only 8.5% of small business-owned commercial full power radio stations.<sup>18</sup>

AIR is concerned however, that adopting the current definition may subject the Commission and the process to unnecessary scrutiny and challenges.<sup>19</sup> To be safe, the

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<sup>16</sup> A "Qualified Entity" includes an entity that is majority-owned by persons who are African American, not of Hispanic origin; Asian or Pacific Islanders; American Indians or Alaskan Natives; or Hispanics. *Id.* at 12409, ¶ 134 n.437.

<sup>17</sup> The First Amendment, said "Judge Learned Hand, presupposes that right conclusions are more likely to be gathered out of a multitude of tongues, than through any kind of authoritative selection." *See* N.Y. Times v. Sullivan, 376 U.S. 254, 270 (1964), citing to United States v. Association Press et al., 52 F. Supp. 362, 372 (S.D. N.Y. 1943).

<sup>18</sup> *See* S. Derek Turner, Off the Dial: Female and Minority Radio Station Ownership in the United States, Free Press (June 2007) at 16 ("Off the Dial"); Broadcast Diversity Order, 23 FCC Rcd at 5927 ¶8.

<sup>19</sup> The Commission may develop a constitutionally sustainable SDB definition that will remedy the effects of past discrimination and promote diversity. However, race-conscious government action is subject to strict scrutiny review and must be narrowly tailored to further a compelling government interest. *See, Adarand Constructors v. Peña*, 515 U.S. 200, 227 (1995), where the Supreme Court has recognized that there is a compelling government interests in remedying the effects of past discrimination and promoting diversity in higher education.

Commission should develop a constitutionally sustainable SDB definition<sup>20</sup> that will promote diversity. There is no doubt that a great majority of minority-owned business in the United States would satisfy the SBA definition of small business. The obvious problem with that definition is that it is too broad and can be over encompassing to the point that it dilutes the pool of eligible minority-owned businesses. A socially and economically disadvantaged business (“SDB”) definition for eligible entities on the other hand would reach further to promote diversity in media ownership and avoid the unnecessary constitutional challenges.

Until the Commission has adopted a definition that can withstand constitutional muster, it can safely award the responsibility of selecting leasees to AIR, as the independent trustee and insulate it. Since Sirius-XM came up with the definition itself, the Commission could permit Sirius-XM, as a private entity, to select AIR or its lessees; another means of removing the taint of excessive constitutional scrutiny.

### **III. The FCC Should Elect a Selection Method Based on the Quality of the applicant seeking the Designated Entity Status.**

The Commission seeks comment on the criteria for selecting among competing applicants where demand exceeds supply.<sup>22</sup> The problem with first-come first-serve, is there runs a risk that one type of programmer may beat the clock and submit applications before other can and consume all the license. What is then sacrificed is true diversity of programming, even if there may be diverse owners offering one type of content, for

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<sup>20</sup> See Broadcast Diversity Order, 23 FCC Rcd at 5950 para. 80.

<sup>22</sup> *Sirius-XM Order*, 23 FCC Rcd at 12408.

example-- religious programming. Certainly, the purpose of the set-aside would be compromised if the independent channels are partitioned off in such a manner.

The adoption of a lottery is flawed because it eliminates the possibility of examining the quality of an applicant. Once an applicant meets the benchmark requirements, applicants who may be more qualified in terms of financial strength, technical background or who may even have better quality content stand the chance of losing out based on a random process associated with lotteries.

As presented in this comment, AIR is suggesting that the FCC adopt the independent trustee model. The FCC can borrow from the success of the Federal Trade Commission which often appoints independent trustees to handle divestitures. The FTC regularly relies on trustees to assist in implementing Orders where the FTC approve a merger. It regularly depends on two types of trustees: Monitor and Divestiture Trustees. A monitor trustee is an independent third party appointed by the FTC to oversee certain terms of the consent order. The Commission has required a monitor trustee, sometimes called an auditor trustee or an interim trustee, in cases where the order imposes obligations on the respondent of a specialized nature that may result in a temporary relationship between the respondent and the buyer of divested assets.<sup>23</sup> A divestiture trustee is an independent third party appointed by the FTC to divest assets in those cases in which the respondent has failed to divest assets as required by the FTC's order. Virtually every merger order issued by the FTC includes a provision authorizing the FTC to appoint a divestiture trustee. The FTC appoints trustees often and has done so

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<sup>23</sup> See, e.g., *Dow/Union Carbide*, Dkt. No. C-3999; *El Paso/Coastal*, Dkt. No. C-3996; *Boeing Company*, Dkt. No. C-3992; *Glaxo/SmithKline Beecham*, Dkt. No. C-3990; *AOL/TW*, Dkt. No. C-3989; *Ceridian*, Dkt. No. C-3933. The Commission has also required a monitor in connection with respondent's obligations in a hold separate order or an order to maintain assets. See, e.g., *Valero/UDS*, Dkt. No. 4031; *Exxon/Mobil*, Dkt. No. C-3907.



successfully in the following cases: *Louisiana Pacific*, Dkt. No. C-2956 (where the court appointed a trustee to effectuate the required divestiture); *Flowers Industries Inc.*, Dkt. No. 9148; *Promodes S.A.*, Dkt. No. 9228; *Red Apple Companies, Inc., et al.*, Dkt. No. 9266; *Panhandle Eastern Corp.*, Dkt. No. 3260; *Cooper Industries Inc.*, Dkt. No. C-3469; *Revco Inc.*, Dkt. No. C-3540; *Rite-Aid Corporation*, Dkt. No. C-3546; *Schwegmann Giant Super Markets*, Dkt. No. C-3584; *Columbia/HCA Healthcare Corporation*, Dkt. No. C-3619; *Softsearch Holdings, Inc.*, Dkt. No. C-3759; *Hoechst AG and Rhone-Poulenc S.A. (Aventis S.A.)*, Dkt. No. C-3919.

Typically, the trustee is paid by those that purchase the spin offs or a combination of the divested entity and a third party purchaser of services or assets where the spinoff was a condition of the merger. The pay is usually negotiated between the purchaser of the assets or the entity to be spun off and the trustee. Many times, it is a reasonable fee to compensate the trustee for its time, energy, resources and services in serving in the mediator role. In this case, for the noncommercial set –asides, the Commission has already preliminarily determined that Sirius XM would not be entitled to exceed, for any channel made available under this subsection, 50 percent of the total direct costs of making such channel available.<sup>24</sup> AIR would request that it be entitled to recoup a portion of that fee that equates to its share to compensate it for the costs of processing and preparing the content for transmission. To the extent that the Commission has not required the qualified entity to pay any money for access, AIR proposes to assess a nominal fee that will be tailored to the amount of air time it receives and will calculate compensation based on revenue. The fee would not be excessive. The goal of AIR is to enable diverse alternatives, in an efficient, expedient manner, not to reap excessive

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<sup>24</sup> See Order at para 65 (quoting 47 CFR 355 (b))

profits. However, it will incur certain costs to provide the service and could justify that it receive a nominal, but reasonable, return on its investment in providing the service, if selected as the trustee.

#### **IV. CONCLUSION**

For the foregoing reasons, iClick2Media, Inc. and AlphaStar International, Inc, urge the Commission to adopt its joint venture, American Independent Radio to be the designated entity or independent trustee to manage and aggregate the independent variety of content programmers interested in gaining carriage on the set-aside and noncommercial leased access channels on the Sirius XM platform. iClick2Media and Alphastar are the best and most qualified entity to implement the independent 24 channels.

Respectfully submitted,

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March 30, 2009

**WHITE PAPER**  
**AMERICAN INDEPENDENT RADIO**

**Proposal to be the Qualified Entity or Independent Trustee to Administer and Manage the  
Unaffiliated Independent Content Programmers to be Transmitted on Sirius XM Channel  
Allotment per the Sirius-XM Merger Order**

**Prepared by**

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This White Paper addresses why the Federal Communications Commission should allow iClick2 Media Inc and AlphaStar's joint venture, American Independent Radio (AIR), to serve as a qualified entity and/or trustee to oversee the facilitation of the 4% Capacity set aside on the Sirius-XM platform for non-affiliated programmers. Through this White Paper, AIR, also asks the FCC to initiate a rulemaking to permit it to manage the noncommercial leased access capacity as well. AIR makes these requests because it is interested in expediting the delivery of diverse and unique content to the SDARs platform immediately. Given the current market and with the future of satellite radio in its fragile state, now is the time for the Commission to appoint a qualified entity or trustee like AIR to accelerate the deployment of unique, diverse and new content onto the satellite radio stream.

The consolidation of the two entities holding SDARS licenses has created a monopoly for that portion of the radiofrequency spectrum in the 2.3 GHz S band from 2320 to 2345 MHz. The argument that the scarcity rationale to support FCC regulation is no longer necessary because of the menu of audio content options cannot hold water in this case. Red Lion<sup>1</sup> is still relevant law and even more so in the recent economic state of all sects of the US economy. Former Commissioner Gloria Tristani summarized the case for the continued existence of the scarcity rationale in a May 1, 1998 Speech to the Federal Communications Bar Association which applies today, "there are still far more citizens who want to speak over the public airwaves than can be accommodated."<sup>2</sup> Low power TV and radio operators, bidders in spectrum auctions and other applicants clamoring to have a piece of the spectrum would not be doing so were the scarcity rationale truly extinct, she continued in the speech. Indeed, the current carve out for unaffiliated qualified entities and noncommercial entities create a unique opportunity to respond to that problem, if only in a minor way.

## WHAT IS AIR?

AIR stands for American Independent Radio. It is a joint venture between iClick2Media, a media and marketing company that distributes content to various digital mediums and AlphaStar International, Inc. an FCC-licensed domestic fixed satellite service operator. Through its venture, both companies are looking to launch AIR the qualified entity that would lease the 4% of the combined Sirius-XM channel capacity set aside for unaffiliated independent content suppliers. If not selected as the sole designated entity or in addition to being selected as that entity, AIR proposes to also be the independent trustee that would determine which content producers are ultimately launched on the independent channels.

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<sup>1</sup> *Red Lion Broadcasting Co. v. Federal Communications Commission*, 395 U.S. 367 (1969)

<sup>2</sup> May 1, 1998 Speech to the Federal Communications Bar Association, "Broadcast Views"

## **WHY AIR? WHY NOW?**

**There is an immediate need for diverse content options to what is available on Terrestrial and Satellite Radio.**

- There are limited opportunities for independent diverse content providers to get on the air today
- The reality is such that only those with significant capital investment can afford to acquire radio stations through transfer and assignment of licenses, even in the distressed sale scenario.
- The SDARs spectrum is owned by one entity and therefore there are no opportunities there other than what is available through the set asides.
- Indeed Red Lion states,  
“...a license permits broadcasting, but the licensee has no constitutional right to be the one who holds the license or to monopolize a radio frequency to the exclusion of his fellow citizens. There is nothing in the First Amendment which prevents the Government from requiring a licensee to share his frequency with others and to conduct himself as a proxy or fiduciary with obligations to present those views and voices which are representative of his community and present those views which otherwise, by necessity, be barred from the airwaves.”<sup>3</sup>

**The Current Lack of Competition in the Satellite and Terrestrial Radio Marketplace Means there is a Dearth of Diverse owners**

- Racial or ethnic minorities own just 7.7 percent of all full-power commercial broadcast radio stations, though they account for 33 percent of the U.S. population. Latinos own just 2.9 percent of all U.S. full-power commercial broadcast radio stations, but they comprise 15 percent of the U.S. population and makeup the nation's largest ethnic Minority group.
- In 2006 the Free Press released "Out of the Picture, Minority and Female TV Station Ownership in the United States" an unprecedented report on the effects of FCC policy and media consolidation. The report found that people of color, who make up 33% of the national population (and will be more than 50% by 2050), own just 3.6% of all stations. Its latest study, "Off The Dial," released in 2007, found that women and minorities own just 6 and 7.7% of all broadcast radio stations in the country respectively. <sup>4</sup>

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<sup>3</sup> Red Lion Broadcasting Co. v. FCC, 395 U.S. 367 (1969)

<sup>4</sup> Off the Dial: Female and Minority Radio Station Ownership in the United States, June 2007, S. Derek Turner, Free Press.

**Despite Theories that the Scarcity Rationale no Longer Exists, Radio is Still a Ubiquitous Medium that is received by Most Americans and therefore it is important that those who own the Content respond to the needs of their Diverse Audiences.**

- **However, as a result of consolidation and mergers, the available content is Homogenized<sup>5</sup>**
  - Just fifteen formats make up three-quarters of all commercial programming. Moreover, radio formats with different names can overlap up to 80% in terms of the songs played on them
  - Over the past decade, Clear Channel, and to a lesser extent, Viacom/Infinity/CBS Radio have dominated the terrestrial public airwaves
  - Radio station holdings of the ten largest companies in the industry increased by almost fifteen times from 1985 to 2005. Over that same period, holdings of the fifty largest companies increased almost sevenfold.
  - National concentration of advertising revenue increased from 12 percent market share for the top four companies
  - In terrestrial radio, niche musical formats like Classical, Jazz, American, Bluegrass, New Rock, and Folk, where they exist, are provided almost exclusively by smaller station groups.
  - Across 155 terrestrial radio markets, radio listenership has declined over the past fourteen years, a 22% drop since its peak in 1989. The consolidation allowed by the Telecom Act of 1996 failed to reverse that trend.
  - Commercial radio offers musicians fewer opportunities to get airtime and offers the public a narrow set of overlapping and homogenized programming formats.
  - With the merger of Sirius and XM, duplicative channel formats have been consolidated. Several commenters in this docket complained that the consolidation has caused their favorite channels to be removed from the combined entity's line up.
  - At least one commenter complained that he purchased a lifetime membership to Sirius because of one particular channel and the elimination of that channel after the merger has left him without recourse.
- **Although radio listenership is going down, it is still the most ubiquitous form of news and entertainment available in all mediums**
  - Today, according to a 2008 Arbitron Radio Report,<sup>6</sup> far more than 90% of all consumers 12+years old listen to the radio each week—a higher

<sup>5</sup> Future of Music Coalition, 2006 Report "False Premises, False Promises: A Quantitative History of Ownership Consolidation in the Radio Industry, 2006.

<sup>6</sup> An Arbitron Radio Listening Report, The Infinite Dial 2008:Radio's Digital Platforms, 2008 (<http://www.arbitron.com/downloads/radiotoday08.pdf>)

penetration than television, magazines, newspapers or the Internet. Radio reaches people everywhere: at home, at work, in the car and elsewhere

- **AM/FM Radio remains important with the rise of new digital platforms.** AM/FM radio remains vital with consumers. Three quarters say they will continue to listen to AM/FM radio as much as they do now, despite increasing advancements in technology. One in five say AM/FM radio has a big impact on their lives, second only to cell phones. Digital platform users spend as much time (not less) with over-the-air radio compared with the average. The broadcast industry should promote and reinforce its virtues.

The long and the short of it is that radio isn't going anywhere. The spectrum rationale still exists so long as most Americans rely on good old terrestrial, and to a lesser extent satellite, radio for their news and information.

- **Meanwhile, audiences continue to get more and more diverse with each passing decade<sup>7</sup>**
  - The nation will be more racially and ethnically diverse, as well as much older, by mid-century, according to projections released by the U.S. Census Bureau, August 14, 2008. Minorities, now roughly one-third of the U.S. population, are expected to become the majority in 2042, with the nation projected to be 54 percent minority in 2050. By 2023, minorities will comprise of more than half of all children.
  - In 2030, when all of the baby boomers will be 65 and older, nearly one in five U.S. residents are expected to be 65 and older. This age group is projected to increase to 88.5 million in 2050, more than doubling the number in 2008 (38.7 million).
  - Similarly, the 85 and older population is expected to more than triple, from 5.4 million to 19 million between 2008 and 2050.
  - By 2050, the minority population — everyone except for non-Hispanic, single-race whites — is projected to be 235.7 million out of a total U.S. population of 439 million. The nation is projected to reach the 400 million-population milestones in 2039.
  - The non-Hispanic, single-race white population is projected to be only slightly larger in 2050 (203.3 million) than in 2008 (199.8 million). In fact, this group is projected to lose population in the 2030s and 2040s and comprise 46 percent of the total population in 2050, down from 66 percent in 2008.
  - Meanwhile, the Hispanic population is projected to nearly triple, from 46.7

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<sup>7</sup> Off the Dial: Female and Minority Radio Station Ownership in the United States, June 2007, S. Derek Turner, Free Press at 8.

million to 132.8 million during the 2008-2050 period. Its share of the nation's total population is projected to double, from 15 percent to 30 percent. Thus, nearly one in three U.S. residents will be Hispanic.

- The black population is projected to increase from 41.1 million, or 14 percent of the population in 2008, to 65.7 million, or 15 percent in 2050.
- The Asian population is projected to climb from 15.5 million to 40.6 million. Its share of the nation's population is expected to rise from 5.1 percent to 9.2 percent.
- Among the remaining race groups, American Indians and Alaska Natives are projected to rise from 4.9 million to 8.6 million (or from 1.6 to 2 percent of the total population). The Native Hawaiian and Other Pacific Islander population is expected to more than double, from 1.1 million to 2.6 million. The number of people who identify themselves as being of two or more races is projected to more than triple, from 5.2 million to 16.2 million.

**Reports support the notion that people from a shared ethnicity, race or gender tend to indeed have listening preferences which are reflected by the choice of programming broadcast based on the racial classification of the radio station owner.**

In a study that examined the differences in content programmed based on race,<sup>8</sup> it revealed that:

- No minority-owned stations aired "Imus in the Morning" at the time of its cancellation.
- All minority-owned stations and minority-owned talk and news format stations were significantly less likely to air "The Rush Limbaugh Show," as were female-owned stations.
- Having a minority- or female-owned station in a market was significantly correlated with a market airing both conservative and progressive programming.
- Overall, markets that aired both progressive and conservative hosts were significantly less concentrated than markets that aired just one type of programming.

These results suggest that diversity in ownership if applied, can lead to diversity in programming content. This result shows women and minority are in a perilous state of under-representation of ownership of broadcast media. But policymakers may have forgotten the reason behind ownership rules and limits on consolidation: increasing diversity and localism in ownership will produce *more* diverse speech, *more* choice for listeners, and *more* owners who are responsive to their local communities. However what is occurring is a massive consolidation and market concentration as one of the key structural factors keeping women and minorities from accessing the public airwaves.

**In response to the decreased opportunities to own media spectrum and**

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<sup>8</sup> *Id.*



associated businesses and to get independently produced content on the air in traditional terrestrial and satellite radio stations, Internet Radio , Podcasts and mobile music technology have sprung up.

- The weekly online radio audience increased in the past year to an estimated 33 million. Thirteen percent of the U.S. population age 12 and older have listened to online radio in the past week; up from eleven percent (approximately 29 million) in 2007. On a weekly basis, online radio reaches more than one in seven 25- to 54-year olds (15%).<sup>9</sup>
- Online radio is the biggest and most developed digital platform. Approximately 54 million Americans listen to online radio monthly.
- New iPod models continue to fuel growth of portable MP3 players. The introduction of the iPhone and new iPod models continue to propel growth. Nearly four in ten Americans now own an iPod or other portable MP3 player. Continued growth and ubiquity means media companies need to have a podcast and iPod/MP3 player strategy.

## THE FUTURE OF SATELLITE RADIO IS NOT GRIM

Industry analysts paint a grim picture of the prospects for satellite radio to succeed.

The 2008 Arbitron-Nielson Media Report on Radio Digital Platform indicate that **Satellite Radio awareness and intent to subscribe has leveled off**. The absence of big programming announcements, ongoing stories about consolidation and the passage of time since the launch of the services appear to have slowed the growth of awareness and intent to subscribe to satellite radio.

Sirius XM, at least is not so pessimistic as the industry watchdogs. In its Fourth Quarter earning reports, Sirius XM boasted that it now has 19,003,856 users and that in the company's first full quarter of combined operations, SIRIUS XM made remarkable financial progress. Mel Karmazin, CEO of SIRIUS said,

For the first time in company history, we reached positive pro forma adjusted income from operations of \$32 million, as compared with a loss of \$224 million one year ago. Fourth quarter 2008 revenue of \$644 million grew 16% over the year ago quarter while total cash operating expenses declined by 22%, a clear demonstration of our focus on improving profitability. Despite challenges in the overall economy and in the auto sector, we look forward to continuing to deliver on the synergies of the merger. We are also very pleased to report that we have closed the second and final phase of the previously announced investment by Liberty Media Corporation. These transactions

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<sup>9</sup> Arbitron-Nielson Media Research reported. The Infinite Dial 2008: Radio's Digital Platforms

resolve the uncertainty surrounding the company's and its subsidiaries' debt maturing in 2009."<sup>10</sup>

During a March 12, 2009 conference call with analysts, Sirius President for Operations and Sales Jim Meyer said that the company expects a second-quarter launch for an application that will allow subscribers to stream Sirius XM programming to iPhone and iPod Touches.<sup>11</sup> The company first announced plans for an iPhone application at the company's shareholder meeting in December. Meyer says the application will be "a large and interesting opportunity that will maintain our subscription-based economics while providing customers easier access to our content through means other than our traditional satellite-based platform."<sup>12</sup>

On the call, CEO Mel Karmazin repeated that the company would no longer be providing revenue and subscriber guidance. But he did say the company expects to exceed \$300 million EBITDA for 2009. And he made a point of noting that previous guidance was that they would do "approximately \$300 million" - the guidance has moved up, in other words.<sup>13</sup>

Following the call, the stock rose 4 cents.

Indeed, the Feb 17, deal with Liberty Media acquiring debt opens through end of year and buys company time to seek unique opportunities.<sup>14</sup> The failure of satellite radio will not be good, but all is not loss.

A March 30, 2009, Business Week article predicts that competition from other media forms continues to be and is a real threat to satellite radio.<sup>15</sup> The article foretells the end of Sirius XM and satellite radio based on competition from radio services like [Pandora](#), [Foneshow](#), [Stitcher](#), and [Slacker](#)—which enable users to program radio broadcasts to portable and mobile devices for cheap or free. Notwithstanding the doomsayers, the fact remains that many Americans do in fact still listen to radio in their cars and not on the Internet. The 2008 Arbitron-Nielsen report on digital radio usage states that "AM/FM Radio remains important with the rise of new digital platforms and that AM/FM radio remains vital with consumers."<sup>16</sup> According to the report, three quarters say they will continue to listen to AM/FM radio as much as they do now, despite increasing advancements in technology.<sup>17</sup> Also according to the report, one in five say AM/FM radio has a big impact on their lives,

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<sup>10</sup> Sirius XM, Fourth Quarter 2008, Investor Report (<http://investor.sirius.com/releasedetail.cfm?ReleaseID=370082>)

<sup>11</sup> Sirius XM, Call to Subscribers, Sirius To Ship iPhones App In Q2; Stock Rallies March 12, 2009, Eric Savitz, (<http://blogs.barrons.com/techtraderdaily/2009/03/12/sirius-to-ship-iphones-app-in-q2-stock-rallies/>)

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> <http://investor.sirius.com/releasedetail.cfm?ReleaseID=365423>

<sup>15</sup> Serious Threats to Sirius Radio: Web outfits like Pandora, Foneshow, Stitcher, and Slacker broadcast portable and mobile content that makes Sirius look overpriced and stodgy, [Olga Kharif](#), Business Week, March 30, 2009.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

second only to cell phones.<sup>18</sup> Digital platform users spend as much time (not less) with over-the-air radio compared with the average. The broadcast industry should promote and reinforce its virtues.

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<sup>18</sup> *Id.*

## **THE SOLUTION? A Breath of Fresh AIR:**

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### **AMERICAN INDEPENDENT RADIO**

#### **1. AIR PROPOSES TO HELP LAUNCH INDEPENDENT SATELLITE RADIO SOLUTION**

AIR is the creation of iClick2Media, Inc. a small media company founded in 2007 by former attorney and businessman Malik Shakur and AlphaStar, a current FCC-licensed fixed satellite operator. AIR proposes to assist the FCC by being selected as the designated entity or selected as the independent trustee to select among qualified entities that will be rewarded space on the independent capacity. Furthermore, AIR proposes to also manage and select the noncommercial leased access channels.

#### **2. TRUE INDEPENDENT OPTION**

##### **AIR Proposes to be entirely Independent from Sirius XM and to be Responsible for the Content**

Only a limited number of entities or groups are able to take advantage of scarce spectrum in terrestrial and satellite radio; creative and innovative entrepreneurs and content providers have turned to the Internet. To be truly independent, AIR would act as a trustee to those content providers programming on the unaffiliated channels. AIR would take the full responsibility, not Sirius XM, of ensuring that the content providers on the independent slot adhere to all FCC rules for satellite providers, leased access public interest obligations, indecency and copyright laws.

#### **3. AIR PROPOSES TO BE FREE OF CHARGE**

If technically feasible, AIR proposes that the independent channel be carried and received by transmitters whether or not the owners of the transmitters are current paid Sirius XM subscribers. This provision would maximize the number of listeners that will have access to the diverse content to be programmed and available. Those with Sirius XM service that have expired, those having a satellite transmitter in their car that have been deactivated or never activated, would have an option to receive the channels free as would those with laptop, mobile device or other hardware with satellite enabled transmitters. Likewise, if feasible, AIR would propose for its content to be accessible for free via the Internet. Free access would encourage those content providers with an existing fan base to cart their loyal listeners to the SiriusXM platform via AIR.

#### **4. AIR PROPOSES TO ADOPT PROCEDURES THAT WILL ENCOURAGE UNIQUE CONTENT:**

The Commission has made a commitment to Diversity. It describes Diversity to include diversity in viewpoints, outlets, programs, sources and minority ownership. *See, e.g.* 2002 Biennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996.

To be certain that the new range of program made available truly is unique, and diverse, AIR would require program providers it to be on air to provide uninterrupted, non repeat or rebroadcast of original content. The content would and could not already be available on terrestrial or Satellite radio.

Likewise, the content provider should not have had or currently have a relationship or agreement whereby its content is or has already been made available on a national syndicated basis. Although the FCC originally resisted a suggestion by commenters in this docket to limit access for leasing to entities, groups, companies or individuals who have not had previous relationships with Sirius XM, it should reconsider that position in order to promote fresh innovative voices and market entrants. The public can benefit from new innovative content.

**5. AIR PROPOSES TO USE TIME SHARING TO MAXIMIZE THE NUMBER OF VOICES ON THE AIR**

Though it has been argued by some on the record that time sharing may dilute the voices on their impact, the fact of the matter is that there are plenty of content providers out there that have a very successful 1-, 2-, 3- or 4- hour block of content as it may not be financially feasible for many to provide 24 hours of programming for one station alone. The Commission should not want to discourage the producers of quality content with major following from seeking out a home on the independent channel allotment simply because they cannot fill an entire channel slot. To eliminate the possibility of repeat programming, and to encourage the maximum amount of new and diverse content, AIR will use ½ of the available 12 channels and divide it up in blocks as an alternative. To maximize the number of content, AIR proposes to have 6 fully programmable channels available and to divide up the remaining 6 channels into 1-, 2-, 3- and 4- hour increments.

Licensing Term may or may not be shorter periods in order to make sure the quality of programming remains high. Also knowing that their license would be up for replacement would give programmers incentive to continue to produce quality content that is responsive to the community.

Although many applicants may have already come forth willing and interested in getting on the AIR, it will be at the expense of SIRIUS XM which may not have the incentive to prioritize the programming given that it will not be entitled to money to recoup the cost of handling the content. Given that the monopoly SDARS licensee has other priorities at this time, AIR is offering to step in and provide a solution and manage the unaffiliated programmers.

AIR wishes to be the entity to select programming based on a criteria it intends to subject to public review and comment; and to collect the content, prepare it, encode and package it for transmission to the Sirius XM Headend to then be uplinked to the Sirius XM Satellite network. AIR proposes to select a board, including the president and officers of AIR, made up of interested parties, nonprofit leaders with a demonstrated interest, background, education and/or training in media, radio communications or other areas. The Board seats will be slotted for 2-3 year terms and subject to public comment.

## **6. AIR PROPOSES TO BE A SOLUTION TO CONSTITUTIONAL CHALLENGES**

**The Definition of Qualified Entity.** The Commission looks as though it is prepared to adopt the definition of a Qualified Entity from a past Sirius XM letter: “an entity that is majority-owned by persons who are African American, not of Hispanic origin; Asian or Pacific Islanders; American Indians or Alaskan Natives; or Hispanics.”<sup>19</sup> AIR warns the Commission to tread carefully and to consider adopting a definition of Qualified Entity that would avoid constitutional scrutiny. AIR, through its comments in the docket, has submitted a body of studies and reports that support the compelling interest in ensuring diversity of content and content owners on the scarce satellite spectrum especially given the current monopoly market for that format. However, it is not certain that if strict scrutiny is triggered, whether the narrowly tailored prong has been adequately researched, vetted and prepared to withstand a challenge. To overcome the hurdle, perhaps a solution will be to define Qualified Entity in terms of socially and economically disadvantaged business (“SDBs”) as defined by the Small Business Administration. By definition, a substantial number of minority-owned -businesses are and do qualify as SDBs. They could certify to that status.

As an alternative, the Commission may be safe to appoint an independent entity, such as AIR, to administer the appointment of leasees and remove itself from the taint. As a second alternative, the option remains for Sirius XM, which identified the definition in the first place, to select the entity or entities to lease capacity. Ideally, AIR would like to be that candidate.

**7. NONCOMMERCIAL EDUCATIONAL AND INSTRUCTIONAL APPLICANT** To also ease the ability of noncommercial entities to be launched on the leased access channel allotment, AIR proposes to fold in the management of those licenses into the service it is offering for the 4% capacity for Qualified Entities.

## **8. EVALUATION**

AIR proposes that if it is permitted to be the qualified entity that would lease all of the available channel allocation for unaffiliated programmers that its lease be for the same years as satellite broadcast lease terms. AIR would be subject to the same public interest, public file, indecency, copyright and other relevant rules and regulations that all broadcasters are subject to, and could be subject to a petition to deny upon renewal by a member of the public that feels AIR should not get its renewal. AIR proposes that if it is permitted to be only the independent trustee for the immediate collection and to select from the pool of applicants seeking carriage on the independent channels, that its success or failure be judged by the Commission, and public commenters, in general through the traditional comment making procedures to be determined.

## **10. FUNDING:**

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<sup>19</sup> *Application for Consent to the Transfer of Control of Licenses, XM Satellite Radio Holdings, Inc. Transferor, to Sirius Satellite Radio Inc., Transferee*, 23 FCC Rcd 12348, 12408, para 131 (2008)

To compensate the cost of being the independent trustee and content aggregator, AIR proposes to recoup some of its costs by charging content providers a nominal and reasonable fee for assess. This is how independent trustees appointed by other government agencies, the FTC, for example, are compensated for their costs.

Moreover, the FCC has adopted the DBS Leased Access rules for the noncommercial entities which permit Sirius XM to charge no more than 50% the cost of providing the service, subject to some other restrictions and limitations. Those independent content providers expecting to get on the air would do so knowing that they have to at the least, pay a fee for their lease. AIR proposes receiving a portion of that payment congruent with the value of its share in the process of uploading each individual noncommercial educational programmer onto the Sirius XM network.

For the content appearing on the portion selected for qualified entities, AIR may assess a reasonable and nominal fee, based on the amount of programming time they are allotted. The fee charged to programmers will be reasonable and will subsidize the cost of providing the packaging, and uplink services.

## CONCLUSION

To expedite and ease the management of unaffiliated supplier and independent content onto the portion of the Sirius XM capacity set aside pursuant to the merger, iClick2Media and AlphaStar stand ready, through its joint venture American Independent Radio, to serve as the qualified entity leasee or independent trustee.

## APPENDICES DIRECTORY

### **WHITE PAPER WHITE PAPER : AMERICAN INDEPENDENT RADIO**

Proposal to be the Qualified Entity or Independent Trustee to Administer and Manage the Unaffiliated Independent Supplier/Content Programs to be Transmitted on Sirius XM Channel Allotment per the Sirius-XM Merger Order

### **THE INFINITE DIAL 2008: RADIO'S DIGITAL PLATFORMS**

Online, Satellite, HD Radio® and Podcasting 2006 Arbitron Inc. and Arbitron Radio Listening Report

### **RADIO TODAY HOW AMERICA LISTENS TO RADIO**

Arbitron2008 Edition

### **A QUANTITATIVE HISTORY OF OWNERSHIP CONSOLIDATION IN THE RADIO INDUSTRY**

Future of Music Coalition, December 2006

### **OFF THE DIAL: FEMALE AND MINORITY RADIO STATION OWNERSHIP IN THE UNITED STATES**

How FCC Policy and Media Consolidation Diminished Diversity on the Public Airwaves, Free Press, June 2007





# The Infinite Dial 2008: Radio's Digital Platforms

Online, Satellite, HD Radio\* and Podcasting

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## Overview

We are pleased to present our new Arbitron/Edison Media Research study, *The Infinite Dial 2008: Radio's Digital Platforms*. In this report, we continue to explore the world of radio, as it stands in 2008 and continues to take on new forms, in particular, an increasing number of digital platforms, such as online, satellite, HD Radio<sup>™</sup> and podcasting.

### Digital Radio Revolution

Developments in technology have dramatically broadened the choices available to consumers for all media, including audio programming. By the late 1990s, consumers had the newfound ability to listen to audio “streamed” over the Internet, and two new radio satellite services were born.

Digital radio has continued to evolve with the advent of podcasting (audio programming on demand for playback on iPod<sup>®</sup>/MP3 players) and HD Digital Radio (superior sound quality and additional, digital frequencies along the AM and FM dials).

In the past, “radio” was limited solely to what was available on the AM/FM dial. Today radio choices for consumers appear to have no bounds. That is why we call radio’s new digital platforms “The Infinite Dial.” One can now “tune” to a boundless number of options for “radio.”

### Radio with No Limits

Arbitron and Edison Media Research have been tracking the growth of radio in its new forms since 1998. In this report, we update the trends for the more established digital radio platforms, such as Internet streaming and satellite radio, and take a look at the newer worlds of podcasting and HD Radio. We profile the audiences of these new kinds of radio and the implications for advertisers and media planners.



## How the Study Was Conducted

A total of 1,857 people were interviewed to investigate Americans' use of various forms of traditional, online and satellite media. From January 18 to February 15, 2008, telephone interviews were conducted with respondents age 12 and older chosen at random from a national sample of Arbitron's Fall 2007 survey diarykeepers. In certain geographic areas (representing eight percent of the national population), a sample of Arbitron diarykeepers was not available for the survey, and a supplemental sample was interviewed through random digit dialing.

## Definition of Terms

**Online radio:** Over-the-air radio station programming rebroadcast on the Internet or audio programming available exclusively on the Internet.

**Audio podcast:** The concept of downloading various types of longer-form online audio programs, in the form of digital files you can listen to at any time you choose. Audio podcasting does not refer to the downloading of individual MP3s or songs. Audio podcasting does refer to the download of program-oriented online audio (such as a talk show or a hosted music program), usually as an automatic download that can be listened to at the user's convenience.



## Significant Highlights

- **The weekly online radio audience is at an all time high with an estimated 33 million listeners.** An uptick in 2008 listening has resulted in the highest total weekly audience for online radio since Arbitron and Edison began tracking this measure in 2000. Thirteen percent of Americans age 12 and older reported listening to online radio in the last week.
- **Over one in seven 25- to 54-year-olds listen to online radio on a weekly basis.** Fifteen percent of Americans age 25-54 are weekly online radio listeners. Online radio delivers 14 percent of persons in the prime 18-49 radio buying demo.
- **Awareness of both satellite radio companies remains essentially flat for the third year in a row at around 60 percent.** In the year marked by merger talks between the two satellite radio companies -- XM and SIRIUS -- overall awareness of satellite delivered radio programming remained largely unchanged.
- Sixteen percent of those who do not currently subscribe to satellite radio (XM or SIRIUS) say they are likely to subscribe in the next 12 months. This figure is down slightly from 18 percent in 2007. Only two percent of non-subscribers to satellite radio say they are "very likely" to subscribe in the next 12 months.
- **iPod/portable MP3 player ownership continues to skyrocket among teens.** In 2007, 54 percent of teens owned an iPod or other portable MP3 player; in 2008 that number has risen dramatically to 73 percent of respondents age 12-17. Half of adults age 18-34 own an iPod or other portable MP3 player.
- Weekly online radio listeners and audio podcast listeners are more likely than average to purchase digital audio online. Half of audio podcast users and 42 percent of weekly online radio listeners have ever purchased digital audio online, compared to 21 percent of all respondents age 12 and older.
- **Only ten percent report less time with over-the-air radio specifically due to time spent with their iPod/portable MP3 player.** Sixty-three percent of Americans age 12 and older do not own an iPod/portable MP3 player, and 21% own one but say the device has had no impact on radio listening. Ten percent of MP3 player owners say they are listening less to over-the-air radio, though four percent of iPod or MP3 player users report spending more time listening to over-the-air radio.
- **Although awareness of podcasting has not changed, usage of audio podcasting is up.** While awareness of podcasting in 2008 remained steady at 37 percent (compared to 2007), those having ever listened to an audio podcast is up to 18 percent (from 13 percent in 2007). Nearly one in ten (nine percent) of Americans have listened to an audio podcast in the last month, equaling an estimated audience of 23 million listeners age 12 and older.
- **The majority of audio podcast users listen to podcasts most often on their computer.** Sixty-nine percent of the audio podcast audience most often listens to the downloaded programming on their computer; only 28 percent most often transfer the files to their iPod/portable MP3 player before listening.
- **More than one in three podcast listeners have heard a commercial during an audio podcast.** Thirty-six percent of those who have ever listened to an audio podcast say they recall hearing advertisements or sponsorship messages during the downloaded program; 43 percent of those who have listened to an audio podcast in the last month remember hearing on ad.



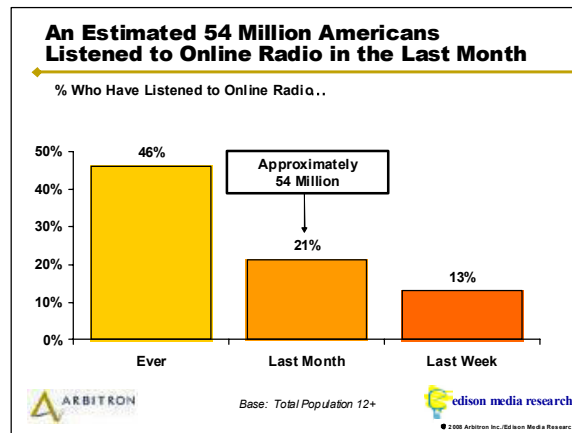
- **Awareness of HD Radio has not generated momentum over the past year.** In January 2006, 14 percent said they had heard or read anything recently about HD Radio; the following year that number nearly doubled to 26 percent, but for 2008 the awareness level remains fairly flat with 24 percent saying they have heard or read anything recently about the new broadcasting technology.
- **Contrary to commonly held beliefs, people who listen to digital radio platforms do not spend less time listening to AM/FM radio.** Some industry insiders assume that people who use new digital platforms listen less to AM/FM radio. As has been shown in previous Arbitron and Edison reports, once again, we find that people who use digital radio platforms do NOT listen less to AM/FM radio. Among respondents in our study, the average time spent listening per day to AM/FM radio was 2 hours, 48 minutes compared with 2 hours, 45 minutes a day among those who use radio's new digital platforms (listened to online radio in the last month, or subscribe to satellite radio, or have ever listened to an audio podcast). Despite the growth reported in alternatives, such as the iPod, online radio and satellite radio, the time spent listening to AM/FM radio by users of digital radio platforms has not changed versus a year ago.



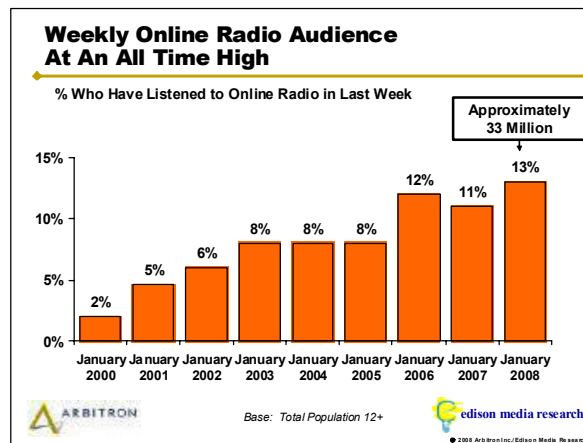
## Key Findings

### A. Online Radio

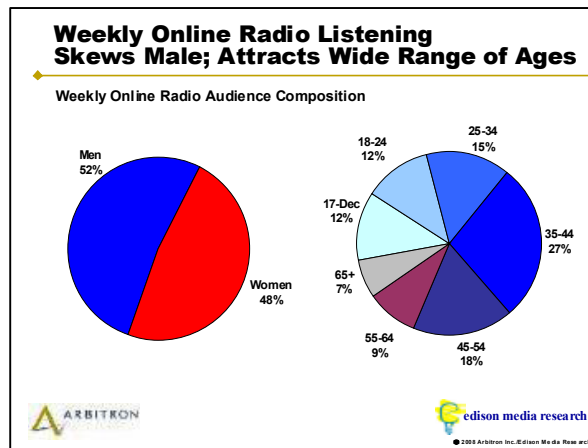
1. **Over one in five has listened to online radio in the last month.** Twenty-one percent of the U.S. population age 12 and older has listened to online radio in the last month. The estimated monthly audience for online radio is approximately 54 million.



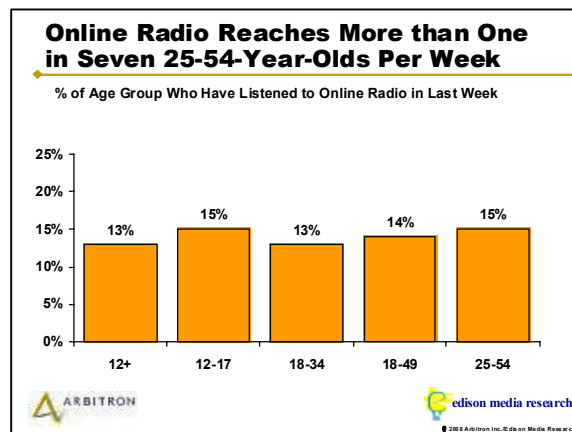
2. **The weekly online radio audience is at an all time high with an estimated 33 million listeners.** An uptick in 2008 listening has resulted in the highest total weekly audience for online radio since Arbitron and Edison began tracking this measure in 2000. Thirteen percent of Americans age 12 and older reported listening to online radio in the last week.



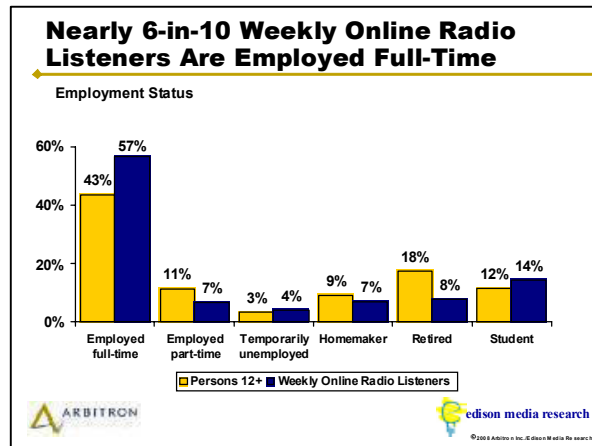
3. **The weekly online radio audience skews slightly male and adult.** Fifty-two percent of weekly online radio listeners are men. The broadcast medium delivers a solid adult audience, with 60 percent of listeners between the ages of 25 and 54.



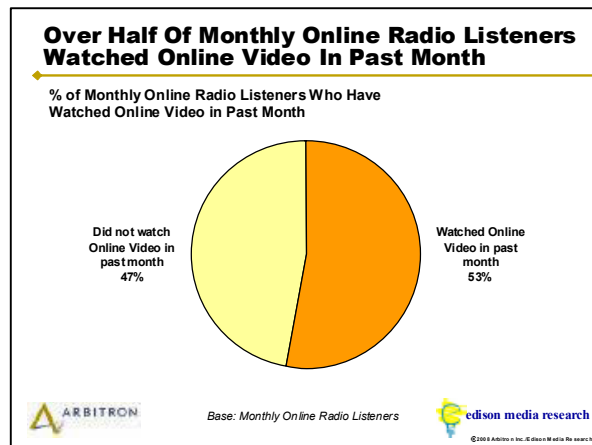
4. **Over one in seven 25- to 54-year-olds listened to online radio in the last week.** Fifteen percent of Americans age 25-54 are weekly online radio listeners. Online radio delivers 14 percent of persons in the prime 18-49 radio buying demo on a weekly basis.



5. **Online radio listeners are more likely to be employed full-time than average.** Fifty-seven percent of weekly online radio listeners are employed full-time, compared to only 43 percent of all respondents age 12 and older.



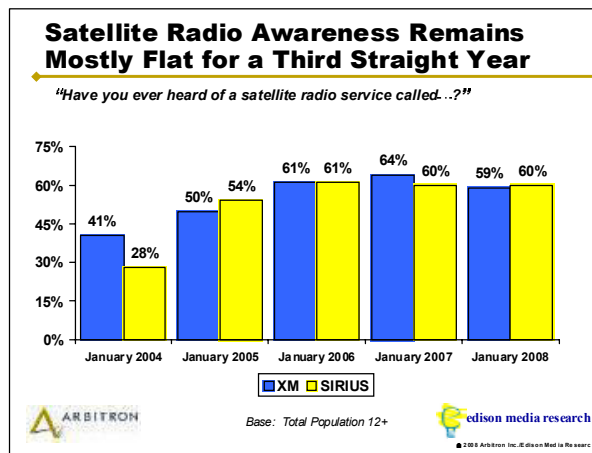
6. **The majority of online radio listeners also watch video online.** Fifty-three percent of monthly online radio listeners have also watched video over the Internet in the past month.



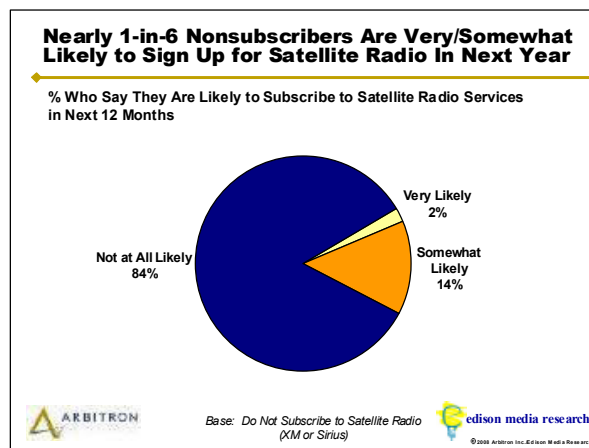


## B. Satellite Radio

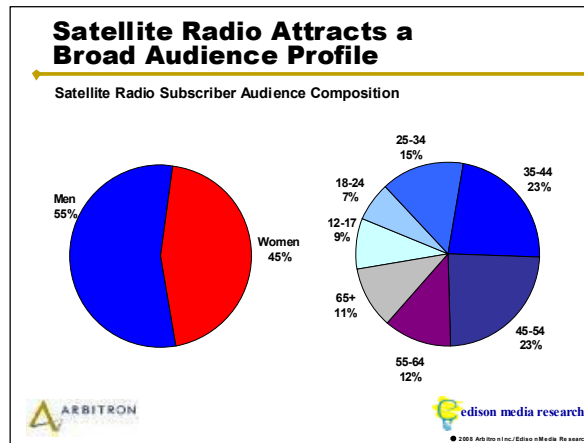
7. Awareness of both satellite radio companies remains essentially flat for the third year in a row at around 60 percent. In the year marked by merger talks between the two satellite radio companies -- XM and SIRIUS -- overall awareness of satellite delivered radio programming remained largely unchanged.



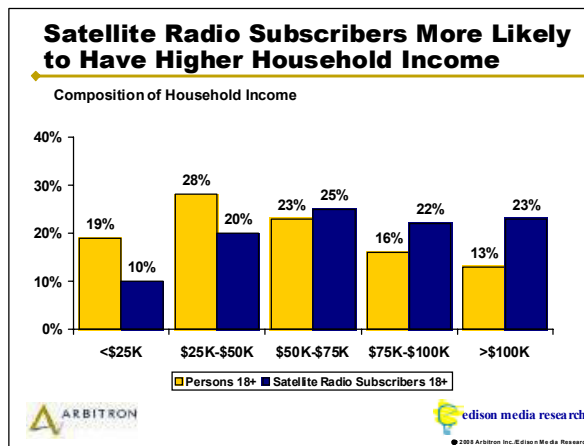
8. Sixteen percent of those who do not currently subscribe to satellite radio (XM or SIRIUS) say they are likely to subscribe in the next 12 months. This figure is down slightly from 18 percent in 2007. Only two percent of non-subscribers to satellite radio say they are "very likely" to subscribe in the next 12 months.



9. **Satellite radio attracts a broad audience profile.** The satellite radio audience skews male but for the most part, mirrors the profile of the American population more so than audiences of other digital forms of radio. Fifty-five percent of the satellite radio audience is men, and 23 percent are age 55 and older.



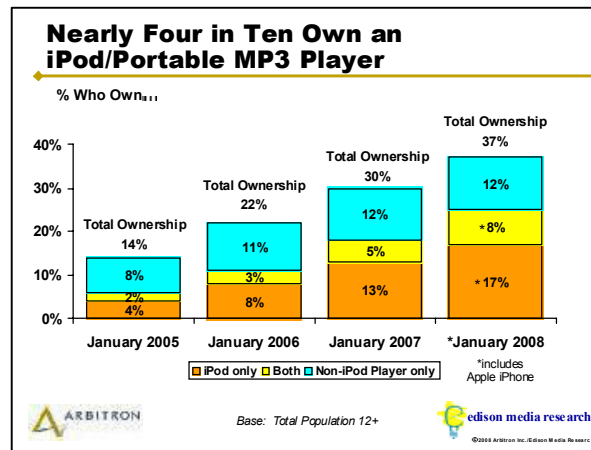
10. **Satellite radio subscribers are much more likely to live in \$100,000+ households.** To date, satellite radio has attracted a distinctly upscale audience; nearly one in four (23 percent) subscribers has an annual household income of \$100,000 or more, compared to 13 percent nationally.



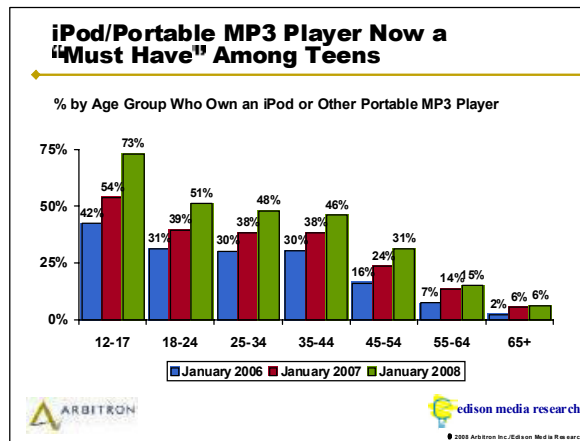
### C. Digital Audio

#### 11. Nearly four in ten Americans own an iPod or other portable MP3 player.

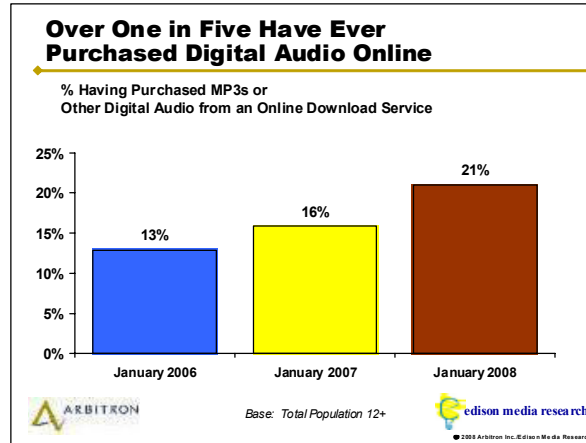
Thirty-seven percent of consumers age 12 and over own an iPod or other brand of portable MP3 player, which is nearly three times the figure from 2005.



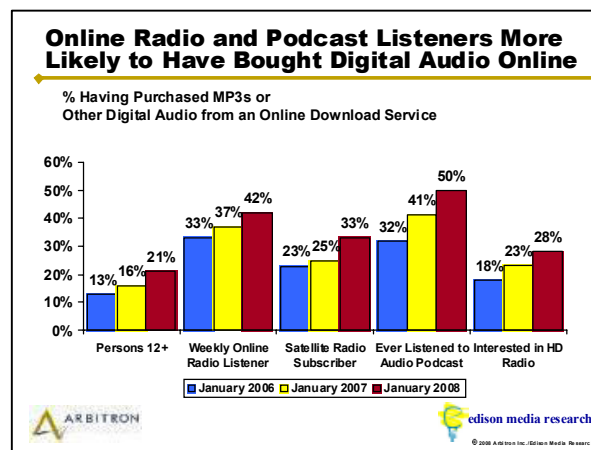
#### 12. iPod/portable MP3 player ownership continues to skyrocket among teens. In 2007, 54 percent of teens owned an iPod or other portable MP3 player; in 2008 that number has risen dramatically to 73 percent of respondents age 12-17. Half of adults age 18-34 own an iPod or other portable MP3 player.



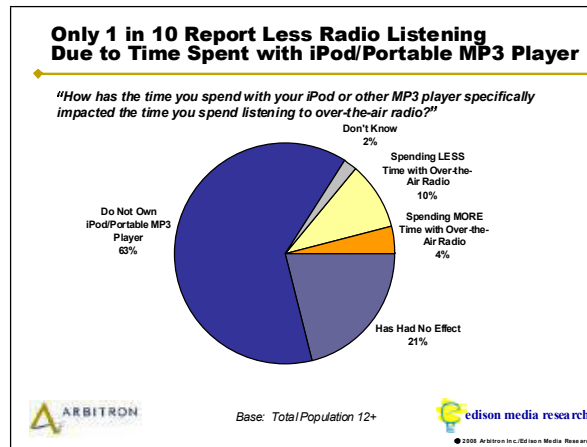
13. **Over one in five Americans has ever purchased digital audio online.** Twenty-one percent have ever purchased MP3s or digital audio over the Internet as of 2008; representing a 31 percent increase over 2007.



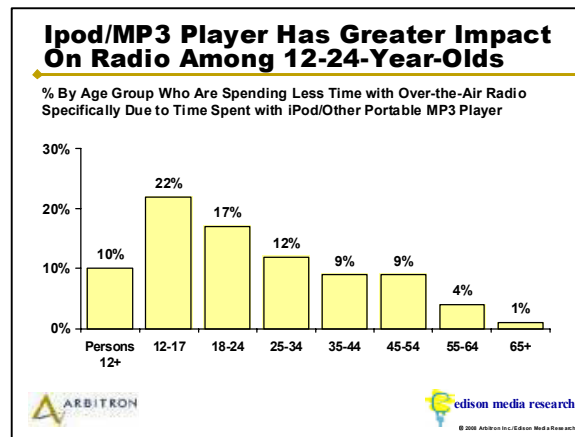
14. **Weekly online radio listeners and audio podcast listeners are more likely than average to purchase digital audio online.** Half of audio podcast users and 42 percent of weekly online radio listeners have ever purchased digital audio online, compared to 21 percent of all respondents age 12 and older.



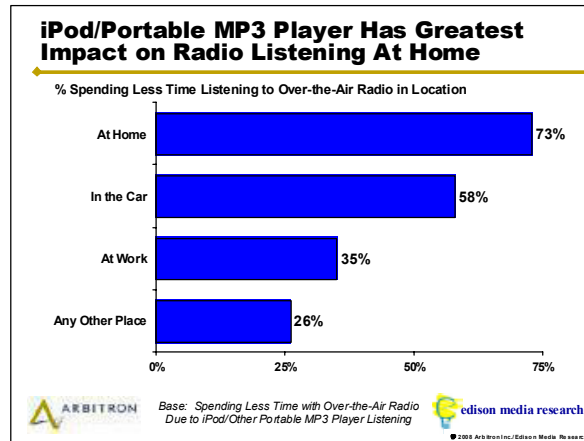
- 15. Only ten percent report less time with over-the-air radio specifically due to time spent with their iPod/portable MP3 player.** Eighty-four percent of Americans age 12 and older either do not own an iPod/portable MP3 player or report the device has had no impact on radio listening. Ten percent of MP3 player owners say they are listening less to over-the-air radio, though four percent of owners report spending more time listening to over-the-air radio.



- 16. Radio sees the most impact on listening from iPod/portable MP3 player owners age 12-24.** Twenty-two percent of 12-17s and 17 percent of 18-24s, say they are spending less time with over-the-air radio due to time spent with an iPod/portable MP3 player.

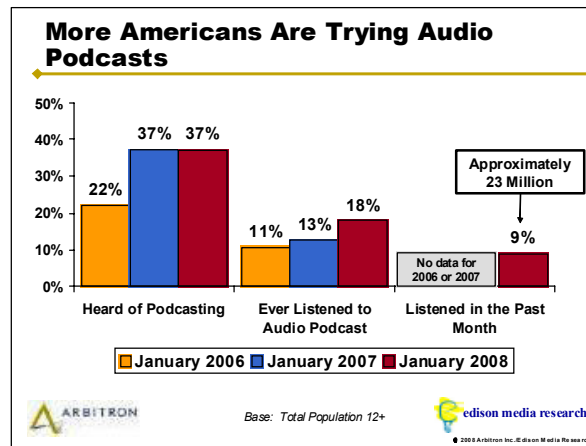


17. **iPod/portable MP3 player usage has the greatest impact on over-the-air radio listening at home.** Among those who report spending less time listening to over-the-air radio due to time spent with their iPod/portable MP3 player, nearly three-quarters (73 percent) report less radio listening specifically at home; over half are listening less in the car (58 percent).

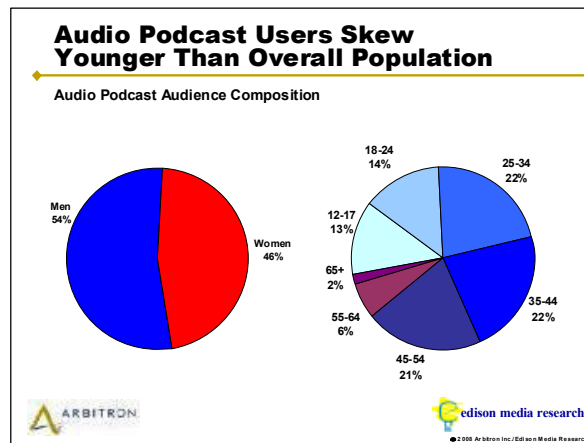


### C. Podcasting

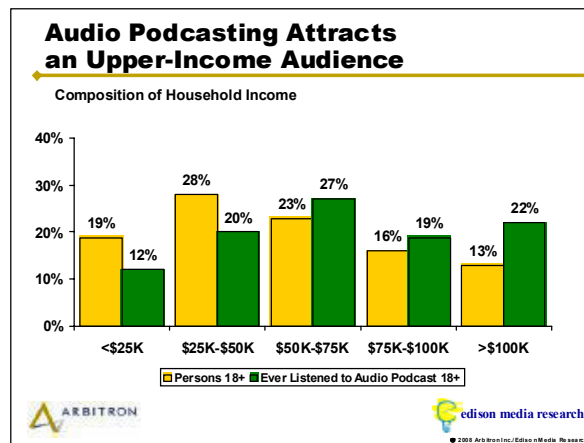
18. **Although awareness of podcasting has not changed, usage of audio podcasting is up.** While awareness of podcasting in 2008 remained steady at 37 percent (compared to 2007), those having ever listened to an audio podcast is up to 18 percent (from 13 percent in 2007). Nearly one in ten (nine percent) of Americans have listened to an audio podcast in the last month, equaling an estimated audience of 23 million listeners age 12 and older.



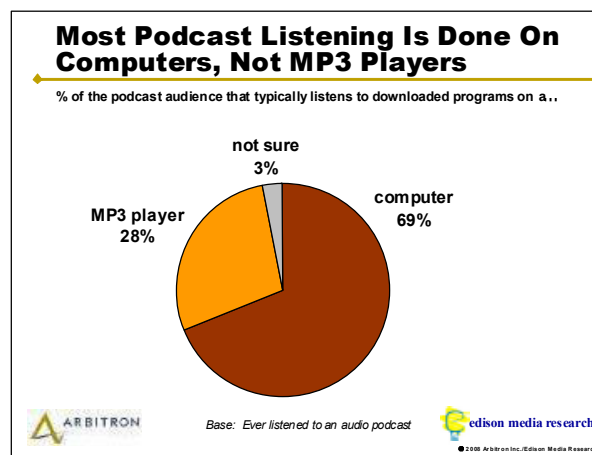
19. **Podcasting attracts a youthful audience.** More than one-quarter (27 percent) who have ever listened to an audio podcast are 12-17 years old, and nearly half (49 percent) are under the age of 35.



20. **Audio podcasting attracts an upper-income audience.** Typical of these digital forms of radio, podcasting attracts a higher concentration of upper-income households, with 22 percent earning more than \$100,000 per year compared to 13 percent nationally.

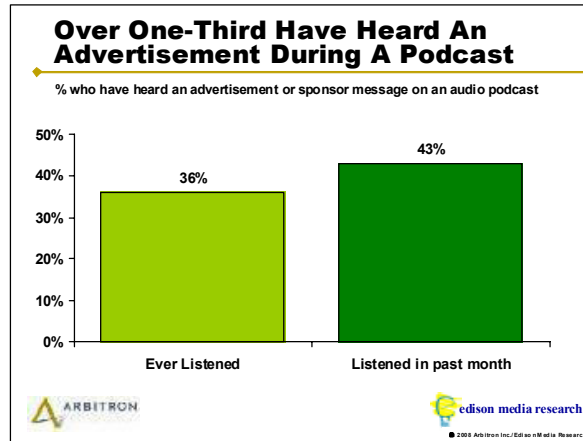


21. **The majority of audio podcast users listen to podcasts most often on their computer.** Sixty-nine percent of the audio podcast audience most often listens to the downloaded programming on their computer; only 28 percent most often transfer the files to their iPod/portable MP3 player before listening.



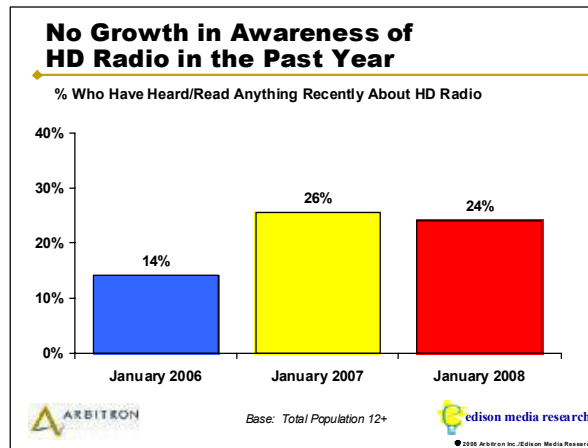


22. **More than one-third of audio podcast listeners have heard a commercial during an audio podcast.** Thirty-six percent of those who have ever listened to an audio podcast say they recall hearing advertisements or sponsorship messages during the downloaded program; 43 percent of those who have listened to an audio podcast in the last month remember hearing on ad.

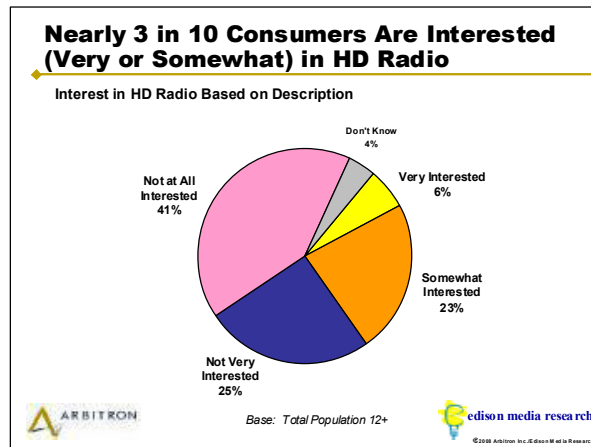


## D. HD Radio

- 23. Awareness of HD Radio has not generated momentum over the past year.** In January 2006, 14 percent said they had heard or read anything recently about HD Radio; the following year that number nearly doubled to 26 percent, but for 2008 the awareness level remains fairly flat with 24 percent saying they have heard or read anything recently about the new broadcasting technology.

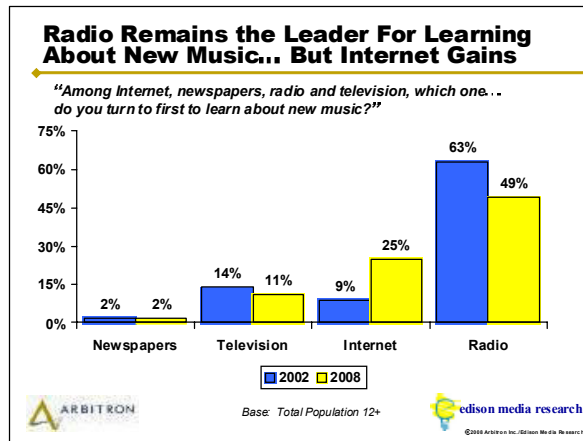


- 24. Less than one-third of consumers show an interest in HD Radio.** Six percent of Americans say they are “very” interested in HD Radio and another 23 percent are “somewhat” interested in the new high definition audio platform.

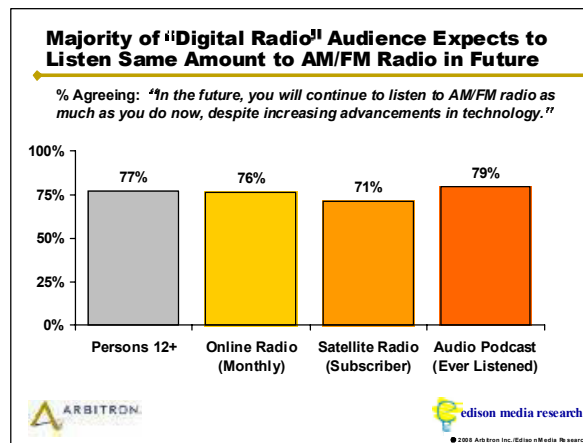


## E. AM/FM Radio

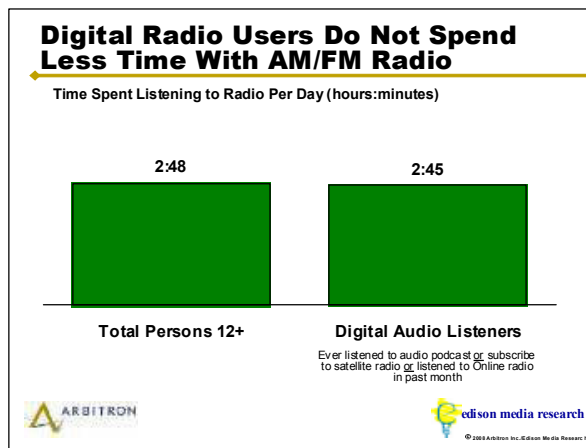
25. **Radio is still the first medium Americans turn to for new music.** Nearly half (49 percent) of Americans age 12 and older first turn to radio to learn about new music, but that figure is down from 63 percent in 2002. Radio's loss has been the Internet's gain; currently 25 percent of Americans look online for new music, up from 9 percent in 2002.



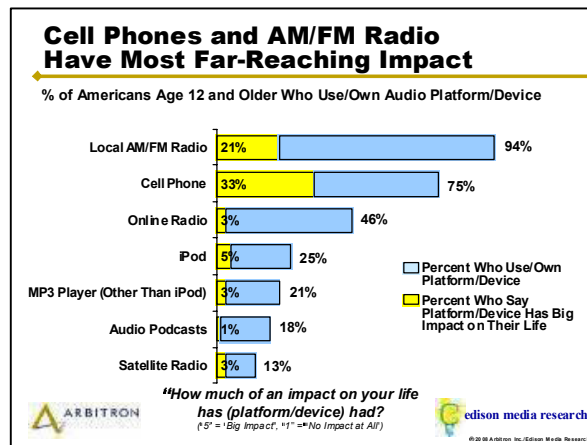
26. **The majority of the "digital radio" audience predicts they will continue listening to the same amount of AM/FM radio.** Seventy-seven percent of Americans age 12 and older said they expect to listen to AM/FM radio as much as they do now despite increasing advancements in technology. The same holds true for online radio listeners and those who have tried audio podcasting. Satellite radio subscribers showed slightly less dedication to traditional broadcasting, with 71 percent saying they plan to continue listening to the same amount of AM/FM radio.



27. **Contrary to commonly held beliefs, people who listen to digital radio platforms do not spend less time listening to AM/FM radio.** Some industry insiders assume that people who use new digital platforms listen less to AM/FM radio. As has been shown in previous Arbitron and Edison reports, once again we find that people who use digital radio platforms do NOT listen less to AM/FM radio. Among respondents in our study, the average time spent listening per day to AM/FM radio was 2 hours, 48 minutes compared with 2 hours, 45 minutes a day among those who use radio's new digital platforms (listened to online radio in the last month, or subscribe to satellite radio, or have ever listened to an audio podcast). Despite the growth in alternatives such as the iPod, online radio and satellite radio that we have reported, the time spent listening to AM/FM radio by users of digital radio platforms has not changed versus a year ago.



28. Among various audio platforms/devices, AM/FM radio and the cell phone have the biggest impact on people's lives. Ninety-four percent of Americans use AM/FM radio, making it by far the most widely utilized audio platform; 21 percent say it has had a "big impact" on their lives. The cell phone follows as the second highest for usage/ownership among the audio platforms/devices measured, at three-quarters of all respondents age 12 and older; 33 percent say the cell phone has had a "big impact" on their lives.



## The State of Digital Radio 2008

### Online Radio (Streaming)

#### Those who have listened to online radio in the last month

- Estimated 54 million Americans
- 21% of U.S. population 12+

#### Those who have listened to online radio in the last week

- Estimated 33 million Americans
- 13% of U.S. population 12+
- 13% of Adults 18-34
- 14% of Adults 18-49

### Satellite Radio (XM and SIRIUS)

- 59% of Americans have heard of XM Satellite Radio
- 60% of Americans have heard of SIRIUS Satellite Radio
- 13% of total sample 12+ subscribe
- 23% have a household income of \$100,000 or more

### Audio Podcasting

- 37% of U.S. population 12+ are familiar with podcasting
- 18% of U.S. population 12+ have ever listened
- 9% of U.S. population 12+ have listened in the last month
- 22% who have ever listened to an audio podcast have a household income of \$100,000 or more

### HD Radio

- 24% of U.S. population 12+ have recently read or heard about HD Radio
- 29% of U.S. population 12+ are very/somewhat interested



## Closing Comments

1. **Online radio is the biggest and most developed digital platform.** An estimated 33 million Americans tune to online radio on a weekly basis and approximately 54 million listen monthly. This usage is significantly greater than is seen for other digital radio platforms. Online radio also has the most developed measurement (comScore-Arbitron Online Radio Ratings and PPM) to make the medium more accountable and easier to plan and buy.
2. **New iPod models continue to fuel growth of portable MP3 players.** The introduction of the iPhone and new iPod models continue to propel growth. Nearly four in ten Americans now own an iPod or other portable MP3 player. Continued growth and ubiquity means media companies need to have a podcast and iPod/MP3 player strategy.
3. **Satellite Radio awareness and intent to subscribe have leveled off.** The absence of big programming announcements, ongoing stories about consolidation and the passage of time since the launch of the services appear to have slowed the growth of awareness and intent to subscribe to satellite radio.
4. **Radio has to reinvigorate its image as a destination to discover new music.** In 2002, radio dominated the Internet for the image of the medium "you turn to for discovering new music." Today, radio still leads the Internet but its advantage has been cut in half. Among teens, the Internet now leads radio for music discovery. Young people are unlikely to turn back to over-the-air radio itself for discovering new music but they may try Internet options provided by radio brands. Why aren't the best music discovery sites coming from AM/FM radio?
5. **HD radio needs new ways to attract consumers.** HD Radio does not appear to be attracting substantial numbers of consumers. Less than one-quarter of the sample can recall seeing or hearing anything recently about HD Radio (down slightly from 2007) and only 6 percent of consumers say they are "very interested" in the concept when it was described to them. Those involved with HD Radio should find new ways to present the concept to consumers to trigger more response.
6. **Broadband and cell phones have big impact on their users... plan now for when they merge.** We asked users about the impact of a variety of media/devices on their lives. The two with the greatest impact are broadband and the cell phone. Cell phones functioning with broadband speed will be a very powerful combination for consumers and a potential game-changing proposition. Media providers need to plan now for their long-term cell phone strategy and advertisers should start learning by experimenting now.
7. **Advertisers should continue to support digital radio in all its forms.** Users of digital radio are early-adopters who represent a broad variety of attractive qualitative attributes. Advertisers who want to go where the trend is leading should get more involved with new forms of "audio media" while they expand. Consumers will respond to the advertisers who meet them on these new frontiers.
8. **AM/FM Radio remains important with the rise of new digital platforms.** AM/FM radio remains vital with consumers. Three quarters say they will continue to listen to AM/FM radio as much as they do now, despite increasing advancements in technology. One in five say AM/FM radio has a big impact on their lives, second only to cell phones. Digital platform users spend as much time (not less) with over-the-air radio compared with the average. The broadcast industry should promote and reinforce its virtues.



## About Arbitron

Arbitron Inc. (NYSE: ARB) is an international media and marketing research firm serving the media (radio, television, cable, online radio and out-of-home) as well as advertisers and advertising agencies in the United States and Europe. Arbitron's core businesses are measuring network and local market radio audiences across the United States; surveying the retail, media and product patterns of local market consumers; and providing application software used for analyzing media audience and marketing information data. The company has developed the Portable People Meter™ (PPM™), a new technology for media and marketing research.

Arbitron's marketing and business units are supported by a world-renowned research and technology organization located in Columbia, Maryland. Arbitron has approximately 1,900 employees; its executive offices are located in New York City.

Through its Scarborough Research joint venture with The Nielsen Company, Arbitron provides additional media and marketing research services to the broadcast television, newspaper and online industries.

Arbitron's industry studies can be found on the company's Web site at [www.arbitron.com](http://www.arbitron.com) and can be downloaded free of charge.

## About Edison Media Research

Edison Media Research conducts survey research and provides strategic information to radio stations, television stations, newspapers, cable networks, record labels, Internet companies and other media organizations. Edison Media Research is also the sole provider of election exit poll data for the six major news organizations: ABC, CBS, CNN, FOX, and the Associated Press. Edison Media Research works with many of the largest American radio ownership groups, including Entercom, Citadel, CBS Radio, Bonneville and Westwood One; and also conducts strategic and perceptual research for a broad array of companies including Time Warner, Google, Yahoo!, Sony Music, Princeton University, Northwestern University, Universal Music Group, Time Life Music and the Voice of America. Edison Media Research has a fourteen year history of thought-leadership in the radio industry, and has provided services to successful radio stations in South America, Africa, Asia, Canada and Europe.

All of Edison Media Research's industry studies can be found on the company's Web site at [www.edisonresearch.com](http://www.edisonresearch.com) and can be downloaded free of charge.







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# Radio Today

How America Listens to Radio

2008 Edition

INFORMATION FOR BROADCASTERS, AGENCIES AND ADVERTISERS

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# Introduction

## An Inside Look Into Listeners' Minds, Lifestyles And Wallets

Welcome to the *Radio Today 2008 Edition* – an in-depth look at radio listening nationally and by individual formats. *Radio Today* combines SoundScan® consumer data with Arbitron audience data to develop a comprehensive profile of radio listening across America. With information on the purchasing plans, Internet behavior, political orientation and more for 16 specific formats, the study provides valuable insight on the evolving relationship between radio and its diverse listener base.

*Radio Today 2008* also offers summary reports on six additional Noteworthy Formats: Album Oriented Rock (AOR), Adult Hits, Classical, Active Rock, New AC/Smooth Jazz and Spanish Contemporary radio. Although their reports are unbridged, these Noteworthy Formats are included owing to their legacy or regional market strengths, or both.

Radio's reach is unrivaled. Far more than 90% of all consumers 12+ years old listen to the radio each week – a higher penetration than television, magazines, newspapers or the Internet. Radio reaches people everywhere they are: at home, at work, in the car and elsewhere. Regardless of age, time of day or geography, radio is America's true media companion.

You'll find detailed facts and figures on audience listening to radio stations in the United States over the past year, and in some cases, over several years. You'll see the share of the national audience for numerous formats. You'll find charts and graphs highlighting general demographics, ethnicity, household income, education level, time spent listening (TSL), the year's biggest hits for many formats and summary analyses.

After reading *Radio Today 2008*, you'll see that radio remains a vibrant, relevant and powerful part of Americans' lives.

Questions and comments about *Radio Today 2008* can be directed to [ren.vodrigues@arbitron.com](mailto:ren.vodrigues@arbitron.com). News media inquiries should go to [jessica.benhaw@arbitron.com](mailto:jessica.benhaw@arbitron.com).



# What's New in This Edition

## Listener Political Orientation Insights by Format

In this election year, broadcasters need to know as much about their listeners' political orientations as possible. To that end, *Radio Today 2008* includes indexes of how likely radio listeners for each of 16 formats are to always, sometimes or never vote in local, statewide and Presidential elections compared to the national population. You'll also see indexes of listener political party leanings or affiliations.

## Analysis of Time Spent Online and Ways Online Services are Used

*Radio Today 2008* examines how much time listeners of 16 primary formats spend online, indexing them by number of hours spent compared to the national population. Of particular note are new indexes of 17 ways listeners of these formats use the Internet. You'll see how likely listeners are to visit radio station Web sites, listen to radio online, what they go to the Internet to find, buy and learn about. As radio stations continue to expand their Web presence with streaming, advertising, job boards, communities and other listener services, this information is bound to be invaluable to all broadcasters and marketers.

## Purchasing Intent for New Cars and Consumer Electronics

In addition to presenting updated essential demographic information on marital status, children in the home, home ownership and employment status, *Radio Today 2008* includes the latest indexes on listeners' likelihood to buy a new car at several price points ranging from \$15,000 to more than \$45,000.

This report also expands into offering indexes on many of the most popular consumer electronic devices that consumers of various formats are interested in purchasing within the next 12 months. You'll see details on likelihood of purchasing computers, digital cameras, DVD players, DVRs, HDTVs, MP3 players, PDAs, satellite radio subscriptions, video game systems and wireless/cell service for either themselves or another household member.

In general, you'll find more detailed listener facts and figures, including gender balance among listeners 12+ (formerly 18+), formats ranked by age group, which states have the most stations in a particular format and lists of the most played songs of 2007 for most current laser programming approaches, courtesy of **Mediabase**.

## Ratings Story Lines of the Year

### Top Format Winners

**Country** advanced for the third straight year, rising from 12.0% of all listening in 2006 to 12.7%, and maintained a healthy lead over the next-strongest music format. The most widely programmed format, Country enjoys the largest listener share in every daypart, and was No. 1 in all the principal age cells between 18 and 54 years old (and it ranks No. 2 in the 55+ cells).

**News/Talk/Information**, after two consecutive years of 10.4% of the audience, climbed to 10.7% of the national radio audience – a six-year peak. N/T/I was No. 1 in five of the nation's top 25 markets in Spring 2007. Nationally, it is the No. 1 format among adults age 55-64 and 65+, and ranked No. 2 among those 35-44 and 45-54 years old.

**Urban AC** jumped from a 3.4% share of listening to 3.7% for its fifth consecutive increase, and improved its national rank from eighth to a tie for seventh. With more than 15 million listeners weekly, the format improved its ratings in six of the country's nine regions.

**Mexican Regional** also posted its fifth straight uptick, climbing from 3.1% to 3.4% of all radio listening, advancing from the 11th most popular format to ninth, with 63 additional stations. Mexican Regional is the No. 2 format in the Pacific region and No. 3 in the West, South Central and Mountain areas.

**Classic Hits** also notched its fifth consecutive ratings improvement. It achieved the largest ratings increase, skyrocketing from 2.1% to 2.8%. Classic Hits surpassed Oldies as the top format for older pop hits; its audience soared by more than 3 million listeners.

Five other formats also improved: Adult Contemporary, Pop Contemporary Hit Radio, All Sports, Adult Hits and Album Oriented Rock (AOR). Four formats held steady ratings between Spring 2006 and 2007 including Hot AC, Alternative, Active Rock and New AC/Smooth Jazz.

*(continued on next page)*

## Ratings Story Lines of the Year

### Top Format Setbacks

**Oldies** took the biggest hit of all formats in this study, as it declined for the third straight year, falling from 2.2% to 1.9% of radio listening. It was also the only format to lose stations, as Classic Hits stations in many markets and was represented by 30 fewer stations in *Radio Today 2008* than in the 2007 report.

**Urban Contemporary** fell for the fourth consecutive year, dipping from 4.1% of the national radio audience to 3.7%. Despite the erosion, Urban Contemporary still posted two of the No. 1 stations in the nation's top 25 markets in Spring 2007.

**Talk/Personality** ended three years of steady growth, slipping from 2.1% to 1.8% of radio listening, owing partly to nine fewer stations in the format since the last report.

**Spanish Contemporary**, which had reached a 1.9% plateau in Spring 2006, declined to a 1.5% share in Spring 2007, with 21 fewer stations in the format.

Four other formats also declined: Classic Rock, Rhythmic Contemporary Hit Radio, Contemporary Christian and Classical.

*A complete rankings table for all formats is on page 12.*

*(continued on next page)*

# Ratings Story Lines of the Year

## In-Car Listening Continued to Gain Share of Location Listening

In 18 of the 22 formats in this study, in-car listening gained in the proportion of total tune in. Rock-driven formats such as Active Rock, Album Oriented Rock (AOR) and Alternative led the pack, with each one showing at least a 2% increase for in-car's share of listening. Contemporary Christian led all formats with nearly half of its listening taking place on the road. The only formats to not show an increase were Adult Hits, Classical, New AC/Smooth Jazz and Mexican Regional.

## Cume Ratings Increased Among Adults in Most Dayparts

Spring 2007 saw a jump in nearly every daypart for the percentage of adults who listened to radio at least once per week. Men 25-54 showed growth in all dayparts except mornings, which were flat or down. Reach among Men 25-54 was better in every daypart and, in most cases, reached six-year highs. Reach among Women 45+ was better than it was in 2002 in most dayparts.

## Time Spent Listening Erosion Most Evident With Young Listeners

Teen boys and girls tuned in 30 and 45 minutes less per week, respectively, in Spring 2007 than a year earlier, and 18-24s also declined. Fifteen of the 22 formats lost time, with the largest declines led by Spanish Contemporary, which lost a full hour, and Mexican Regional, which declined 45 minutes; the others slipped 15-30 minutes per week. Four formats held steady and three gained a quarter-hour.

## Upper-Tier Income Group Grew For Most Formats

Eighteen of the 22 formats posted increases in the share of listeners with a household income (HHI) of \$75,000 or more per year. The percentage of Country listeners with HHI at this level gained 1.5% in one year, and Urban Contemporary saw a 2% rate-of-rise since 2005.

*(continued on next page)*



# Ratings Story Lines of the Year

## Higher Education Progress Showed Improvement

Fourteen of the 22 formats showed increases from Spring 2006 to 2007 in the proportion of their listeners who have earned a college degree. The best performing format was AOR, up 2.2%, followed by Spanish Contemporary and All Sports, which gained 1.9% and 1.8%, respectively.

## Hispanics Increased Share of Most Formats' Audience Composition ...

As their population continued to surge in the U.S., Hispanics increased the percentage of their representation in 15 of the 20 non-Spanish language formats in this report, averaging 1.1% more in audience composition than in Spring 2006. The only formats where Hispanics made up a smaller proportion of a format's listenership were Urban Contemporary, Oldies, Alternative and Active Rock.

## ... Whereas African-Americans' Share Was More Mixed

Of the 20 English-language formats in this report, African-Americans increased their share of 10 formats and decreased their share of nine others, with one remaining unchanged. Of four formats attracting a significant proportion of Black listeners, Rhythmic CHR and Urban Contemporary gained, while Urban AC was essentially unchanged and New AC/Smooth Jazz had a smaller percentage.

## Mexican Regional Listeners Key Prospects For Consumer Electronics Purchases

According to Scarborough, Listeners of Mexican Regional radio indexed well above the average population for intent to purchase a wide variety of consumer electronics, particularly those for entertainment, work or home use. They were more than twice as likely to buy a video game system in the coming year and

player or wireless/cell service for themselves.

They also indexed high for digital cameras, HDTVs, PDAs and other devices.

# How to Read the Format Pages

The 22 formats are ranked in order of their 12+ Average Quarter Hour Share of the national audience, starting with the most popular format. If two formats are tied, they are listed alphabetically.

Although this study was released in 2008, it uses data gathered from the Spring 2007 survey period. Any reference to "this year" or "over the past five years," etc., uses 2007 as the base year.

To avoid any misunderstanding of the audience composition of youth-oriented formats, the "Education" and "Household Income" statistics include only listeners 18 or older.

In the information on home ownership, the term "other" refers to the percentage of that format's listeners who neither own nor rent, but live in someone else's residence.

"Audience Composition" breaks out a format's audience into the standard age cells; "Audience Ratings by Region" rates the performance of a format within that territory.

Listening data includes both commercial and noncommercial audio listening.

## How We Gather the Data

The information in this report is from more than 400,000 Arbitron listening diaries representing 10.0% of every county in the U.S., including those within and outside of Arbitron's regularly measured (syndicated) markets. *Radio Today* uses respondent-level data to compile the listening data, using the entire United States as a single sampling unit. This method offers a more complete picture of a radio format's audience profile than typical compilations that are simply averages of individual market reports.

*Portable People Meter™* information is not included in this study because Arbitron's National Regional Database, from which this data is derived, currently only includes Diary data. In future *Radio Today* reports, you'll see PPM data integrated as markets deploy PPM™ service. Diary data was collected for the already current PPM markets of Philadelphia and Houston-Galveston, and listener behavior from those markets is represented in this study.

# Glossary

## Average Quarter-Hour Persons (AQH Persons)

The average number of persons listening to a particular station or format for at least five minutes within a 15 minute period. This metric is relevant when describing the number of persons listening to a radio station "at a given time," or the number of persons that are likely to hear a particular commercial.

## Average Quarter-Hour Rating (AQH Rating or AQH PUR — persons using radio)

The Average Quarter Hour Persons estimate is expressed as a percentage of the population being measured.

$$\frac{\text{AQH Persons}}{\text{Population}} \times 100 = \text{AQH Rating (\%)}$$

## Cume Persons

The total number of different persons who tune in to a radio station or format for at least five minutes within a seven day survey period. This statistic can be used to draw parallels between a radio station's audience and, for example, a newspaper's circulation figure.

## Cume Rating or Cume PUR

The Cume Persons audience expressed as a percentage of all persons estimated to be in the specified demographic group. Example:

$$\frac{250,000 \text{ Cume Persons}}{1,000,000 \text{ Population}} \times 100 = \text{Cume Rating of 25\%}$$

## Format Share

The percentage of those listening to radio in the Metro who are listening to a particular radio station format. This is relevant when comparing head to head radio competitors. Example:

$$\frac{6,400 \text{ AQH Persons to a specific format}}{80,000 \text{ AQH Persons to all formats}} \times 100 = \text{Share of 8.0\%}$$

## Index

This metric is used by consumer marketers to gauge the likelihood of consumption among a particular demographic group, within an index of 100 considered average. For example, if a product has an index of 132, then consumers in that demographic are 32% more likely than average to consume that product.

## Time Spent Listening (TSL)

An estimate of the amount of time the average listener spent with a station (or total radio) during a particular daypart. This estimate, expressed in hours and minutes, is reported for the Metro only.

$$\frac{168 \text{ Quarter-Hours in a time period} \times 2,000 \text{ AQH Persons}}{40,000 \text{ Cume Audience}} = \text{TSL of 8.4 hours}$$



# National Radio Format Shares and Station Counts

## Radio Format Rankings and Station Counts

Ranked by Mon-Sun 6AM-5PM  
Persons 12+, AQH Share

Format	AQH Share 12+	Stations
Country	12.7	1,683
News/Talk/Information	10.7	1,553
Adult Contemporary	7.2	798
Pop Contemporary Hit Radio	5.6	381
Classic Rock	4.5	514
Rhythmic Contemporary Hit Radio	4.0	156
Urban Adult Contemporary	3.7	170
Urban Contemporary	3.7	154
Mexican Regional	3.4	302
Hot Adult Contemporary	3.2	251
Classic Hits	2.8	288
Oldies	2.6	750
All Sports	2.3	560
Contemporary Christian	2.2	724
Album Oriented Rock	2.1	174
Alternative	2.1	315
Adult Hits	2.0	172
Classical	2.0	275
Active Rock	1.9	149
New AC/Smooth Jazz	1.8	72
Talk/Personality	1.8	202
Religious	1.5	603
Spanish Contemporary	1.5	126
All News	1.4	31
Variety	1.0	750
Album Adult Alternative	0.9	154
Gospel	0.9	304

Format	AQH Share 12+	Stations
Soft Adult Contemporary	0.9	142
Spanish Adult Hits	0.9	46
Adult Standards	0.8	294
Classic Country	0.8	290
Rhythmic AC	0.7	26
Spanish Tropical	0.7	48
Contemporary Inspirational	0.6	99
Modern Adult Contemporary	0.6	37
Educational	0.4	126
Jazz	0.4	75
New Country	0.4	102
Spanish News/Talk	0.4	63
Latino Urban	0.3	12
Rhythmic Oldies	0.3	18
Spanish Variety	0.3	146
Easy Listening	0.2	46
Ethnic	0.2	97
Southern Gospel	0.2	194
Spanish Religious	0.2	82
'80s Hits	0.1	19
Nostalgia	0.1	63
Spanish Oldies	0.1	26
Tejano	0.1	27
Urban Oldies	0.1	20
Children's Radio	0.0	29
Family Hits	0.0	26
Other	0.0	78

Source: Formatters are from Arbitron. Data come from  
Muzic@Pulse National Program Database, Spring 2007

# Primary Formats

Over the next 64 pages, you can read detailed and fascinating insights about the 16 radio formats that **dominate** the radio airwaves. These formats are listed in rank-order according to Average Quarter Hour Share, beginning with America's most listened-to format (Country).

# Country

## No. 1 Across The Board

Country was "America's music format," ranking No. 1 both in terms of number of stations (1,683) and in popularity, registering a 12.7% share of listening overall in Spring 2007. That marked three straight years of increases, and was slightly above Country's 12.6% mark of Spring 2006. Classic Country and New Country stations contributed 299 and 102 stations, respectively, for a total of 2,084 outlets.

Country was the No. 1 format among adults 18-24, 25-34, 35-44 and 45-54 years old. It ranked No. 2 among Adults 55-64 and 65+.

Country radio's focus on younger artists was reflected in growth of its 12- to 34-year-old listener composition, which gained from 28% to 31% between Spring 2002-2007. Though Country stations were thought to be chiefly focussed on Women, the gender balance has shifted to Women only 1.3% between 2002-2007.

Note: All figures are preliminary and subject to audit.  
Source: Arbitron's National Radio Audience Survey, Spring 2007.  
Metropolitan Area Station and Market Share, Spring 2007



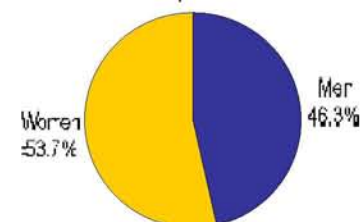
## AQH Share Trend

Persons 12+ Mon-Sun 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
12.3%	13.3%	12.0%	12.5%	12.6%	12.7%

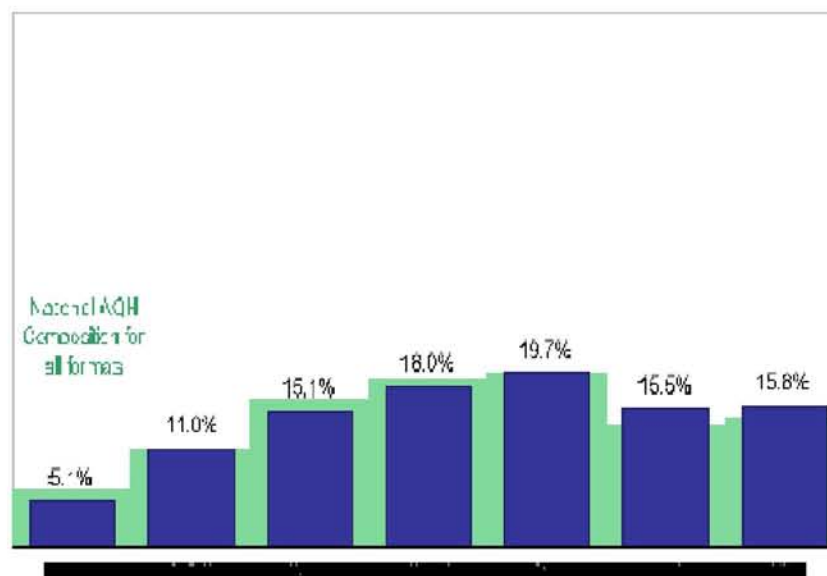
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued

# Country

## No. 1 In Every Daypart

With 56.5 million listeners each week, Country had the biggest share of radio listeners in every daypart, and gained audience share both in mornings and evenings.

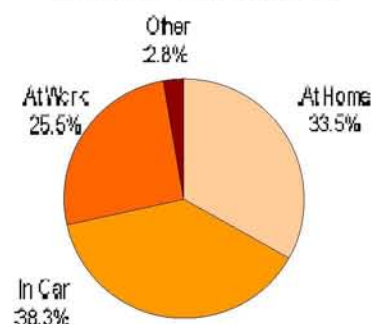
Country ranked seventh highest among all formats in the percentage of in-car listening, which reached more than 38%—a six-year peak. And listening to an actual radio was indeed Country fans' preferred method, as they ranked second-lowest of all listeners for listening to streaming radio.

Country was by far the dominant format in the East South Central region (which includes Tennessee and Kentucky), and also was the nation's top format in five of the other eight geographic areas: the South Atlantic (all of the Eastern Seaboard states between Delaware and Florida), West South Central (including Texas), East North Central (including Illinois, Michigan and Ohio), West North Central (the Plains states) and Mountain territories.

Source: Radio Today, 2008, by the author © 2008

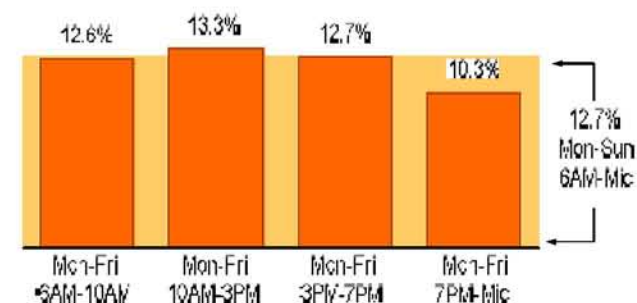
## AQH Share of Listening by Location

Persons 12+ Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

12.7% - National Average  
Persons 12+ Mon-Sun, 6AM-Mid, AQH Share



continued



# Country

## Top Country Songs Of 2007

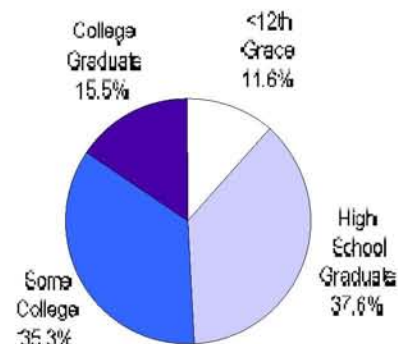
Watching You	Rodney Atkins
Good Directions	Billy Currington
Find Out Who Your Friends Are	Trey Lawrence
She's Everything	Brad Paisley
Where	Gavin Underwood
No Name	Emerson Drive
Ladies Love Country Boys	Trace Adkins
Earl - Mexico	Kenny Chesney
Settlin'	Sugarland
Stand	Rascal Flatts

Source: Mediabase, 2007

Note: Songs recorded into the main radio airplay chart.  
Source: Mediabase. Songs are from the Airplay chart. Songs come from the Mediabase Plus database. Spring 2007.

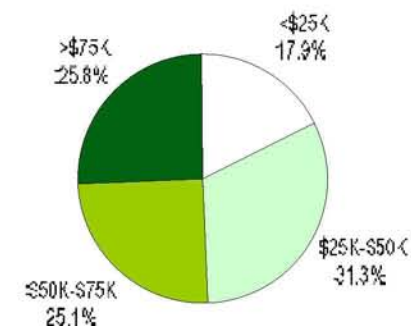
## Education

Persons 18+



## Household Income

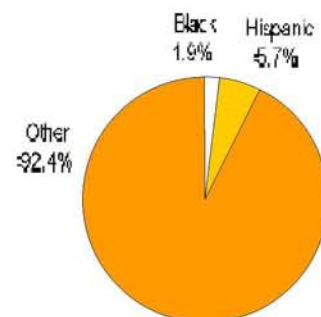
Persons 18+



## Ethnic Composition<sup>†</sup>

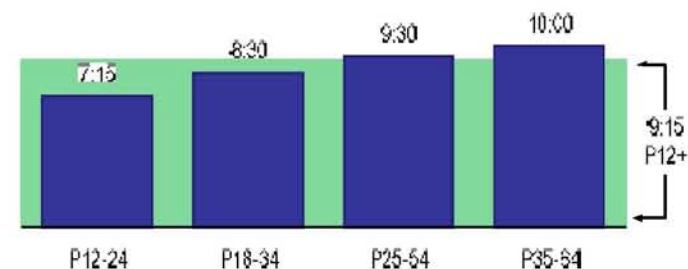
AQH Persons

<sup>†</sup> Only in DST Control Markets



## Time Spent Listening by Demographic

(Hours:Minutes)  
Mon-Sun, 6AM-11PM



continued



# Country

## Leaders Among Home Ownership, Marriage

The segment of the Country audience that attended or graduated from college rose from 47% to 51% between 2002 and 2007, and a higher percentage of its listeners were high school graduates than any other format.

The percentage of Country households who earned \$75,000 per year or more grew from 16% to 26% in the six years between Spring 2002-2007—a 63% increase and the fastest growth rate among all formats.

Country ranked second-highest among all English-language formats in time spent listening in all key demos, and Country listeners indexed third-highest among all listeners for being Republicans. They were among the most likely of all radio consumers to own their own homes and to be married.

Country was tied for third-lowest of all formats of listeners who downloaded or listened to audio clips, and they were among the least likely to buy a satellite radio service in the coming year.



Note: Sample weighting; this may not add to 100.  
Source: Scarborough Research  
Data from Scarborough USA, Release 1, 2007.

## Family Status

Married	64%
Never Married (Single)	21%
No Children in Household	55%
At Least One Child in HH	45%
Two or More Children in HH	27%

## Own or Rent Residence

Own	79%
Rent	17%
Other	4%

## Employment Status

Employed 35 Hours or More	58%
Employed Less Than 35 Hours	15%
Not Employed	29%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	90
Digital Camera	98
DVD Player	94
DVR (TiVo®, etc.)	91
HDTV	91
MP3 Player (iPod®, Creative®, etc.)	90
PDA	89
Satellite Radio Subscription	113
Video Game System	87
Wireless/Cell Service for Other HH Member	101
Wireless/Cell Service for Self	102

## How Often Usually Vote in Local Elections

Always	98
Sometimes	108
Never	94

## How Often Usually Vote in Statewide Elections

Always	97
Sometimes	114
Never	94

## How Often Usually Vote in Presidential Elections

Always	100
Sometimes	117
Never	92

## Political Party Affiliation

Democrat	88
Republican	119
Independent	108
Independent, But Feel Closer to Democrat	94
Independent, But Feel Closer to Republican	105
None of These	91

## Time Spent on the Internet in Average Week

Less than 1 Hour	118
1-4 Hours	110
5-9 Hours	103
10-19 Hours	98
20 Hours or More	94

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	103
\$20,000-\$24,999	93
\$25,000-\$29,999	108
\$30,000-\$34,999	101
\$35,000-\$44,999	95
\$45,000 or More	60

## Ways Online Services Used Past 30 Days

Auction Site	109
Blog (Read or Contributed to)	93
Download Music/ Listen to Audio Clips	93
Download/Watch Video	84
Financial Information/Services	98
Games	101
Internet Yellow Pages	100
Job/Employment Search	100
Listen to Radio	88
Local/Community Events	110
Movie Listings	97
News	96
Pay Bills	102
Radio Station Site	94
Real Estate Listings	104
Travel Reservations (Airline, Hotel, Auto)	92
Weather	104

# News/Talk/Information

## America's Steady, Ready News Source

With nearly 48 million listeners weekly across 1,553 stations, the News/Talk/Information format ranked No. 2 in stations and audience share, expanding from 10.4% in Spring 2006 to 10.7% in Spring 2007—a six-year high. That spring, N/T/I was No. 1 in five of the nation's top 25 markets: Chicago, San Francisco, Boston, Seattle and St. Louis.

While 56% of its listeners were Men, Women have steadily gained ground in N/T/I's audience composition, and there's been a marked shift towards an older demographic composition: 18-44 fell from 32% to 23% of N/T/I listeners between Spring 2002 and 2007, while those 55+ jumped from 48% to 57%. Nearly all (97%) of N/T/I listeners were at least 25 years old, and 77% were over 45; those figures were higher than any other format. Conversely, N/T/I ranked last in the percentage of 12-24 composition, and second-highest in its 65+ makeup.

Note: Figures rounded; totals may not add to 100.  
Source: Radio Today 2007. All figures are from the Spring 2007  
Marketplace Plus National Regional List base, Spring 2007.



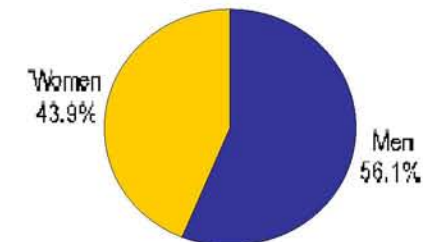
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
9.7%	10.5%	10.6%	10.4%	10.4%	10.7%

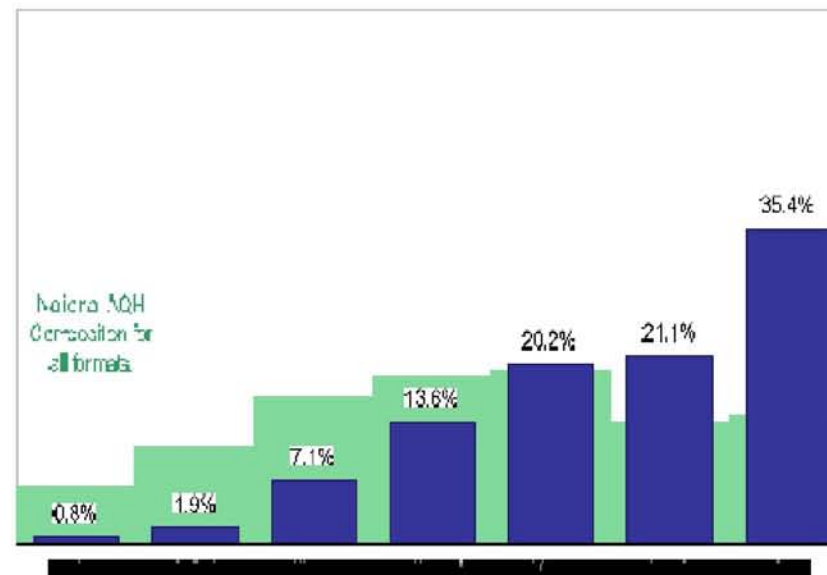
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued

# News/Talk/Information

## A Ratings and Regional Powerhouse

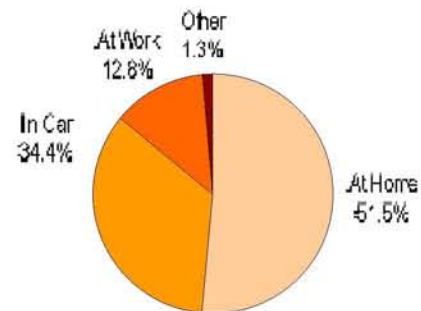
N/T/I's strength ran all day long; it was the No. 2-rated format in all dayparts. Listening by location was virtually unchanged between Spring 2006 and 2007, with at-home claiming a majority of it, ranking N/T/I No. 2 in that category, thanks to strong morning drive tune-in and an older listener base. Comparatively very little N/T/I listening took place at work (under 13%); only Classical had less of its listening done on the job.

Of the major formats in this report, N/T/I ranked No. 1 in New England and Pacific regions, and No. 2 in the Mid Atlantic, South Atlantic, West South Central, East North Central, West North Central and Mountain areas. N/T/I's share of listening in the West North Central area grew notably from 13.1% to 14.5% between Spring 2006 and 2007.

Note: Share rounded; this may not add to 100.

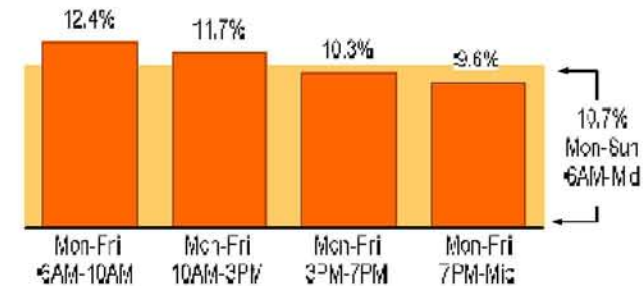
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

10.7% - National Average  
Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued



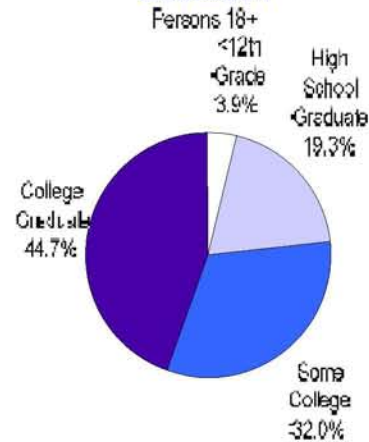
# News/Talk/Information

## Strong TSL, Academic/ Income Profile

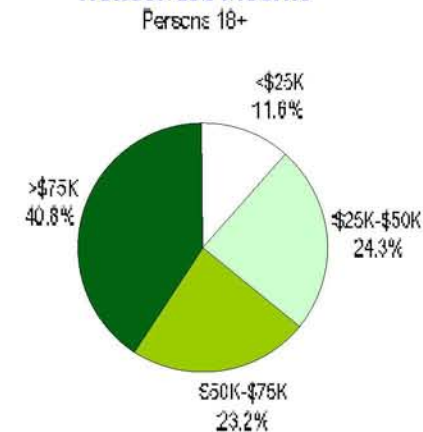
The segment of N/T/I's listeners who were college graduates continued to grow each year, and at nearly 77%, the format ranked third-highest in terms of its percentage of those who attended or graduated from college. Those who listened to N/T/I also showed increased affluence, as more than 40% of N/T/I listeners in Spring 2007 were in households earning \$75,000 or more; that's fourth-highest of all formats.

N/T/I's overall time spent listening was tied for second-highest among all English-language formats, was fourth among 35-64s and fifth among 25-54s. TSL remained rock-steady for the three years spanning 2005-2007 except among 18-34s, which gave up 30 minutes per week in 2007.

## Education

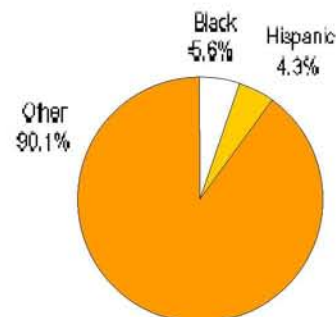


## Household Income



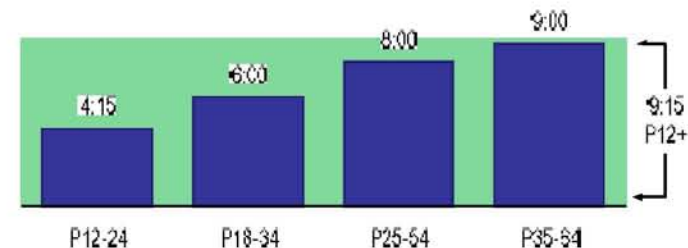
## Ethnic Composition<sup>†</sup>

AQH Persons  
\* Only in DST Control Markets



## Time Spent Listening by Demographic

(Hours:Minutes)  
Mon-Sun, 6AM-11PM



Notes: Time spent listening data may not add to 100%  
Source: For all formats except African American, data come from  
MediaMarket Place National Regional List base, Spring 2007

continued

# News/Talk/Information

## Active Voters, Active Online

Listeners to N/T/I had already put their allegiance to work, as they indexed above the national average in owning many of the most popular consumer electronics such as computers, digital cameras, DVD players, DVRs, HDTVs, MP3 players, PDAs and cell phone services. Consequently, N/T/I listeners were among the least likely of all radio to be buying most of these products in the coming year.

These consumers indexed sixth among all radio listeners who spent 10-19 hours a week surfing the Web.

Of most interest were travel reservations (indexing No. 2) financial information/services (No. 4), news, local/community events and weather. They indexed No. 1 for home ownership (83%).

N/T/I listeners indexed No. 2 in likelihood of being Republicans or Independents leaning Republican. They were tied to No. 1 in likelihood to always vote in Presidential and local elections, and No. 2 for always voting in statewide elections.



Note: Sample weighting; this may indicate 100%  
Source: Scarborough Research  
Data come from Scarborough USA, Release 1, 2007.

## Family Status

Married	68%
Never Married (Single)	15%
No Children in Household	67%
At Least One Child in HH	33%
Two or More Children in HH	18%

## Own or Rent Residence

Own	83%
Rent	15%
Other	2%

## Employment Status

Employed 35 Hours or More	53%
Employed Less Than 35 Hours	13%
Not Employed	34%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	89
Digital Camera	94
DVD Player	93
DVR (TiVo®, etc.)	99
HDTV	102
MP3 Player (iPod®, Creative®, etc.)	92
PDA	94
Satellite Radio Subscription	97
Video Game System	93
Wireless/Cell Service for Other HH Member	98
Wireless/Cell Service for Self	81

## How Often Usually Vote in Local Elections

Always	124
Sometimes	106
Never	56

## How Often Usually Vote in Statewide Elections

Always	130
Sometimes	89
Never	55

## How Often Usually Vote in Presidential Elections

Always	118
Sometimes	67
Never	53

## Political Party Affiliation

Democrat	90
Republican	125
Independent	101
Independent, But Feel Closer to Democrat	109
Independent, But Feel Closer to Republican	129
None of These	62

## Time Spent on the Internet in Average Week

Less than 1 Hour	90
1-4 Hours	107
5-9 Hours	124
10-19 Hours	125
20 Hours or More	119

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	95
\$20,000-\$24,999	112
\$25,000-\$29,999	120
\$30,000-\$34,999	103
\$35,000-\$44,999	119
\$45,000 or More	107

## Ways Online Services Used Past 30 Days

Auction Site	114
Blog (Read or Contributed to)	128
Download Music/ Listen to Audio Clips	102
Download/Watch Video	1112
Financial Information/Services	136
Games	102
Internet Yellow Pages	125
Job/Employment Search	95
Listen to Radio	127
Local/Community Events	125
Movie Listings	114
News	129
Pay Bills	117
Radio Station Site	130
Real Estate Listings	116
Travel Reservations (Airline, Hotel, Auto)	138
Weather	122

# Adult Contemporary

## A Consistent Format Winner

One of radio's most durable formats, Adult Contemporary was heard by almost 40 million people each week on 798 stations. Improving from 7.1% of the national radio audience in Spring 2006 to 7.2% in Spring 2007, AC was a perennial leader in several of the top 25 markets including New York, Houston, Philadelphia, Nassau-Suffolk, Tampa and Portland.

AC's audience gender balance was skewed more towards women than any other format, and has become increasingly so in recent years. Ninety percent of AC listeners were at least 25 years old, and 76% were 35+. AC was one of radio's most rapidly aging audiences, as its 45+ segment rose from 40% in Spring 2002 to 56% in Spring 2007. AC was the No. 3 format among 35+ demo cells (adults 35-44, 45-54, 55-64 and 65+).



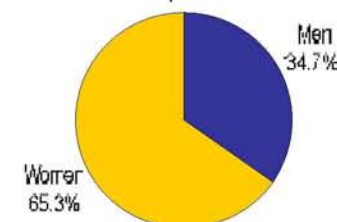
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
7.2%	7.0%	7.2%	7.1%	7.1%	7.2%

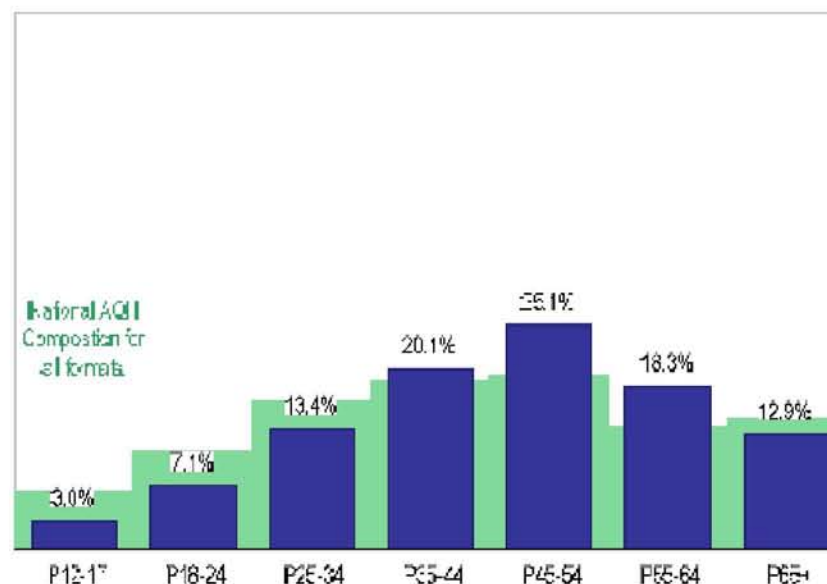
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



Note: All figures are estimates and may vary slightly from actual data.  
Source: National Radio Audience Survey, Spring 2007.  
All figures are based on a national radio audience survey, Spring 2007.

continued



# Adult Contemporary

## Solid At-Work Performer

Listening by location to AC has remained steady for several years. It ranked No. 2 highest among all formats in the percentage of its at-work listening, while it was the only programming approach with a smaller segment of in-car listening in 2007 than in 2002.

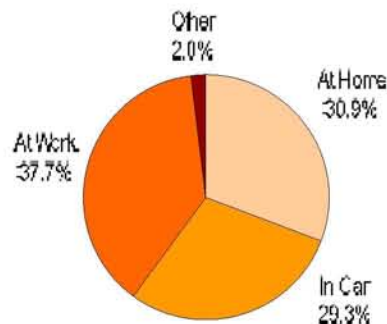
Not only was AC the No. 3-rated format overall, it was also No. 3 in mornings, middays and afternoons, ranking sixth in evenings. Its shares in each daypart remained virtually unchanged between Spring 2006 and 2007.

AC performed best in the Middle Atlantic region, where it ranked No. 1. It ranked second in New England, third in South Atlantic and East North Central. AC gained a nearly 1% increase of listening from Spring 2006 to 2007 in the South Atlantic and West South Central areas.

Source: Radio Today, 2008, 2007, 2006, 2005, 2004, 2003, 2002

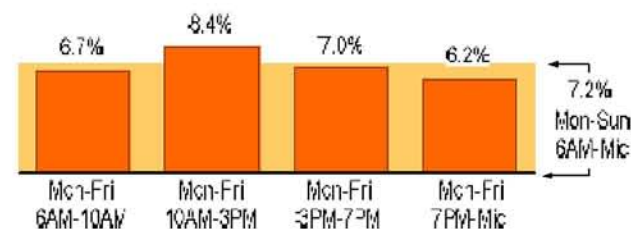
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

7.2% - National Average  
Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued ▶

# Adult Contemporary

## Top Adult Contemporary Songs of 2007

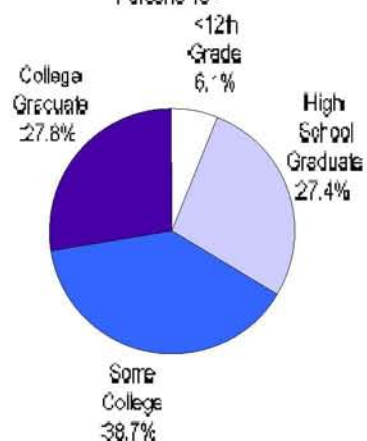
Waiting On The World To Change <i>John Mayer</i>
How to Save a Life <i>The Fray</i>
Chasing Cars <i>Snow Patrol</i>
Unwritten <i>Natalie Imbruglia</i>
Bad Day <i>Daniel Powter</i>
What Hurts the Most <i>Frankie White</i>
Everything <i>Michael Buble</i>
Home <i>Daughtry</i>
Far Away <i>Nickelback</i>
The Riddle <i>Faye Fajfing</i>

Source: Arbitron, 2007

Note: Songs listed are based on total sales for 2007.  
Source: Radio Today 2008 Edition. Data comes from  
Arbitron's 2007 National Radio Listening Study.

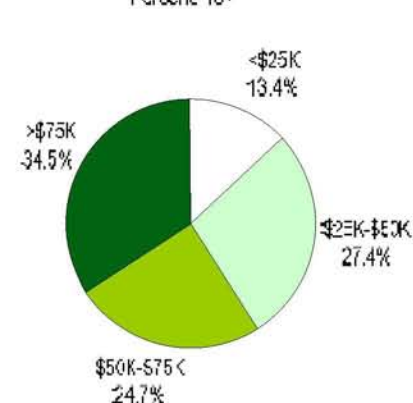
## Education

Persons 18+



## Household Income

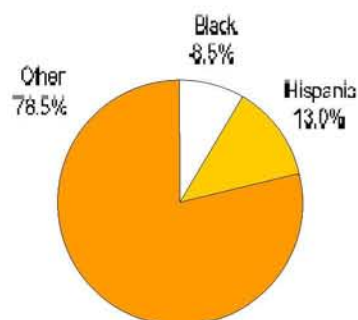
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

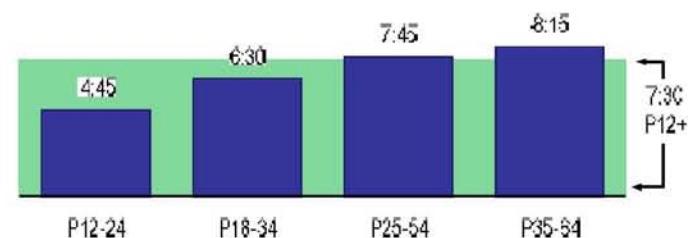
<sup>†</sup> Only in DST Controlled Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11PM



continued



# Adult Contemporary

## A Well-Educated Audience

The segment of AC listeners in households earning at least \$75,000 annually has risen each year since Spring 2002, from 28% to nearly 35% in Spring 2007. That affluence growth rate of 25% in six years was one of radio's fastest.

AC ranked well in overall time spent listening, but as with many formats, AC experienced TSL erosion, especially among 25-54s, which slipped 30 minutes per week over the past year (and a total of 45 minutes over the past four years).

AC listeners indexed at the national average in their Democrat/Republican affiliations, but were slightly more likely to be Independent. They were the second-least likely of all listeners to buy a satellite radio subscription in the coming year, and were more likely than average to spend \$25,000-\$29,999 on a new car.



Note: All numbers are indexed to the national average.  
Source: Scarborough Research  
Data come from Scarborough USA, Release 1, 2007.

## Family Status

Married	62%
Never Married (Single)	22%
No Children in Household	58%
At Least One Child in HH	44%
Two or More Children in HH	26%

## Own or Rent Residence

Own	78%
Rent	21%
Other	4%

## Employment Status

Employed 35 Hours or More	58%
Employed Less Than 35 Hours	17%
Not Employed	27%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	97
Digital Camera	110
DVD Player	101
DVR (TiVo®, etc.)	105
HDTV	109
MP3 Player (iPod®, Creative®, etc.)	107
PDA	107
Satellite Radio Subscription	83
Video Game System	87
Wireless/Cell Service for Other HH Member	114
Wireless/Cell Service for Self	97

## How Often Usually Vote in Local Elections

Always	100
Sometimes	108
Never	92

## How Often Usually Vote in Statewide Elections

Always	103
Sometimes	107
Never	89

## How Often Usually Vote in Presidential Elections

Always	104
Sometimes	96
Never	89

## Political Party Affiliation

Democrat	100
Republican	101
Independent	103
Independent, But Feel Closer to Democrat	108
Independent, But Feel Closer to Republican	104
None of These	89

## Time Spent on the Internet in Average Week

Less than 1 Hour	100
1-4 Hours	118
5-9 Hours	120
10-19 Hours	118
20 Hours or More	110

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	109
\$20,000-\$24,999	107
\$25,000-\$29,999	112
\$30,000-\$34,999	122
\$35,000-\$44,999	112
\$45,000 or More	111

## Ways Online Services Used Past 30 Days

Auction Site	105
Blog (Read or Contributed to)	100
Download Music/Listen to Audio Clips	113
Download/Watch Video	116
Financial Information/Services	112
Games	115
Internet Yellow Pages	120
Job/Employment Search	114
Listen to Radio	112
Local/Community Events	121
Movie Listings	125
News	115
Pay Bills	119
Radio Station Site	110
Real Estate Listings	127
Travel Reservations (Airline, Hotel, Auto)	124
Weather	117

# Pop Contemporary Hit Radio

## Rebounding in the Ratings

Despite losing 33 stations between Spring 2006 and 2007, Pop CHR's 381 stations delivered a slight gain in the format's national audience share, rising from 5.5% to 5.6%—its first up-tick in many years—ranking fourth 12+. Pop CHR attracted nearly 42 million listeners each week, up from 40 million in Spring 2006, and that was third-most of all formats.

Pop CHR was the No. 1 format among Teens, ranked No. 2 with adults 18-24 and 25-34, and was fifth strongest among adults 35-44 years old.

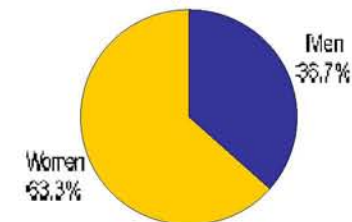
The format had the second-highest concentration of Women listeners, and its audience composition shifted slightly older between 2006 and 2007. However, 71% of its listeners were still under 35 years old, making it the second-youngest of all formats. Pop CHR also ranked No. 2 in Teen composition, third in 18-24 percentage, and 87% of its audience was under 45.

Note: Due to rounding, totals may not add to 100.  
Source: Arbitron's data are from a survey of 100 million listeners in the U.S. based on Spring 2007.

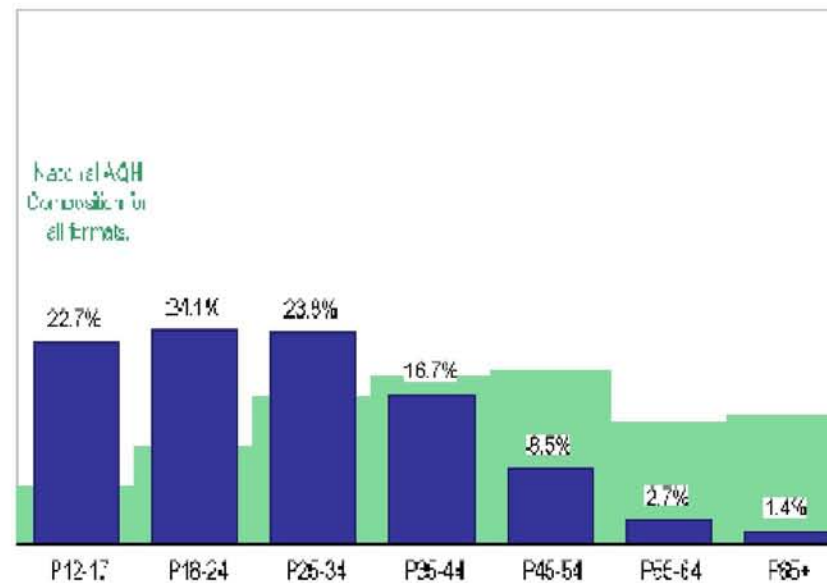
**AQH Share Trend**  
Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
6.0%	6.3%	5.8%	5.5%	5.5%	5.6%

**Listeners 12+**  
Mon-Sun, 6AM-Mid



**Audience Composition**  
Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued

# Pop Contemporary Hit Radio (Pop CHR)

## Gains in All Daytime Dayparts

Tn-car listening became increasingly dominant as the preferred location for the Pop CHR audience, rising from 40% to 43% between Spring 2005 and 2007—that's fourth-highest among all formats.

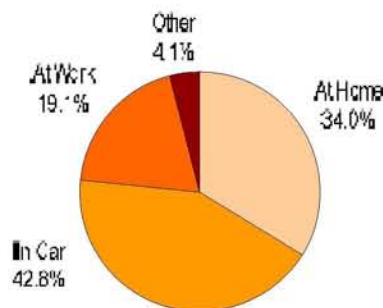
The format posted gains in all daytime dayparts between Spring 2006 and 2007, and ranked third in evenings, fourth in mornings and afternoons and fifth in middays. Pop CHR was up in six of nine regions nationally; it had the third highest share 12+ in the East North Central; it was fourth in New England, Middle Atlantic and West North Central; and fifth in the East South Central area.

Dallas was the only top 25 market in Spring 2007 with a Pop CHR outlet as the No. 1 station.

Source: Arbitron weekly, this may not add to 100

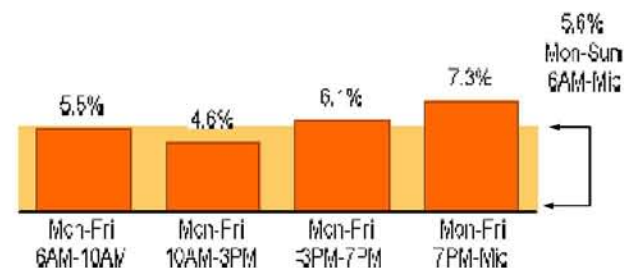
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

5.6% - National Average

Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued



# Pop Contemporary Hit Radio (Pop CHR)

## Top Pop CHR Hits of 2007

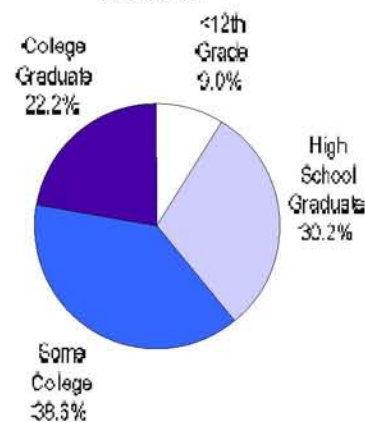
Say It Right	Nelly Furtado
Big Girls Don't Cry (Personal)	Fergie
U + Ur Heart	Pink
Irreplaceable	Beyoncé
The Sweet Escape	Ciara
What Goes Around Comes Around	Justin Timberlake
It's Not Over	Daughtry
Give It To Me	Timbaland feat. Furtado & Timberlake
The Way I Are	Timbaland feat. Keri Hilson
Glamorous	Fergie

Source: Mediabase, 2007

Note: Single recording, title may not add to 100  
 Source: Mediabase  
 All figures are from May 2007  
 All figures are from May 2007

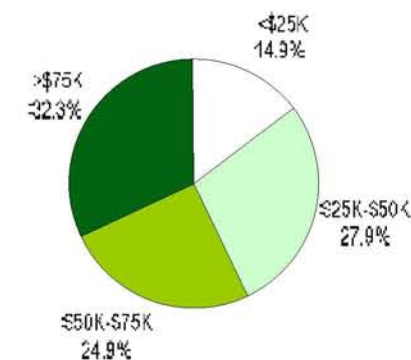
## Education

Persons 18+



## Household Income

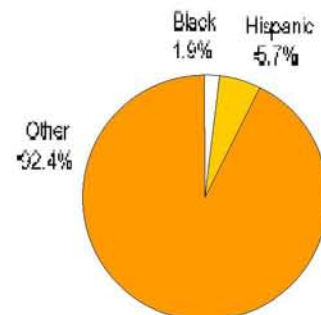
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

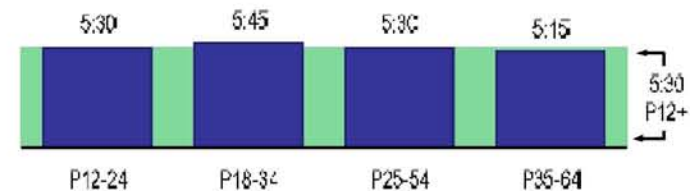
<sup>†</sup> Only in DST Contiguous Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11PM



continued

# Pop Contemporary Hit Radio (Pop CHR)

## Strong Likelihood for Electronics Purchases

Nearly 61% of Pop CHR listeners attended or graduated from college. The percentage who lived in households earning \$75,000 or more improved from 27% to 32% over the past two years—an 18% growth rate.

Younger demos' increasing use of alternate entertainment media was reflected in Pop CHR's time spent listening, which tied for the shortest length of all formats. However, between Spring 2006 and 2007, Pop CHR stations slipped a relatively small 15 minutes 12+ and 12-24, and held steady with all older demos.

Pop CHR listeners leaned Independent politically, and towards Democrats if there was a preference. They indexed fifth for surfing 20+ hours a week online and No. 1 for spending \$30,000-\$34,999 on a new car in the coming year. Pop CHR listeners were among the most likely to be buying consumer electronics, especially computers, satellite radio subscriptions and cell service for a household member.



2008. Scarborough Research, Inc. All rights reserved.  
Source: For more information, visit [www.scrbrch.com](http://www.scrbrch.com).  
Data compiled from Scarborough Research, Inc. © 2007.

## Family Status

Married	44%
Never Married (Single)	46%
No Children in Household	40%
At Least One Child in HH	60%
Two or More Children in HH	36%

## Own or Rent Residence

Own	64%
Rent	27%
Other	9%

## Employment Status

Employed 35 Hours or More	54%
Employed Less Than 35 Hours	24%
Not Employed	23%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	134
Digital Camera	115
DVD Player	114
DVR (TiVo®, etc.)	135
HDTV	110
MP3 Player (iPod®, Creative®, etc.)	161
PDA	145
Satellite Radio Subscription	145
Video Game System	151
Wireless/Cell Service for Other HH Member	143
Wireless/Cell Service for Self	129

## How Often Usually Vote in Local Elections

Always	74
Sometimes	106
Never	131

## How Often Usually Vote in Statewide Elections

Always	76
Sometimes	119
Never	127

## How Often Usually Vote in Presidential Elections

Always	80
Sometimes	118
Never	129

## Political Party Affiliation

Democrat	93
Republican	90
Independent	109
Independent, But Feel Closer to Democrat	116
Independent, But Feel Closer to Republican	98
None of These	116

## Time Spent on the Internet in Average Week

Less than 1 Hour	120
1-4 Hours	122
5-9 Hours	125
10-19 Hours	120
20 Hours or More	129

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	125
\$20,000-\$24,999	110
\$25,000-\$29,999	103
\$30,000-\$34,999	141
\$35,000-\$44,999	100
\$45,000 or More	128

## Ways Online Services Used Past 30 Days

Auction Site	128
Blog (Read or Contributed to)	158
Download Music/Listen to Audio Clips	167
Download/Watch Video	152
Financial Information/Services	115
Games	125
Internet Yellow Pages	132
Job/Employment Search	152
Listen to Radio	137
Local/Community Events	135
Movie Listings	155
News	122
Pay Bills	132
Radio Station Site	136
Real Estate Listings	125
Travel Reservations (Airline, Hotel, Auto)	107
Weather	124

# Classic Rock

## A 35-54 Music Leader

More than 27 million people enjoyed Classic Rock, one of radio's five most listened to formats, featuring a foundation of rock hits from the late '60s into the mid-'80s. There were 514 Classic Rock stations in Spring 2007, generating 4.5% of the national radio audience, down from 4.7% the previous year. Two of those stations, KQRS/Minneapolis and WDFV/Pittsburgh, were No. 1 in their markets, giving the format two leaders among the top 25 Metros.

Classic Rock's gender balance was 70% men, fourth-highest of all formats covered. Its programming targeted 35-54 adults, which composed 59% of its audience; no format achieved as high a level in that demo. Classic Rock's 45-54 composition ranked No. 2 of all formats, skyrocketing from 17% to 31% in the three years between Spring 2005 and 2007. The format ranked No. 4 among Adults 35-44 and 45-54.

Note: Figures rounded; totals may not add to 100.  
Source: Arbitron's data are from a survey of 100 million listeners in the U.S. based on Spring 2007.



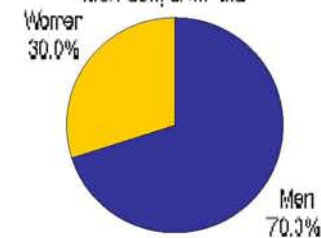
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
-5.2	4.0%	4.8%	4.9%	4.7%	4.5%

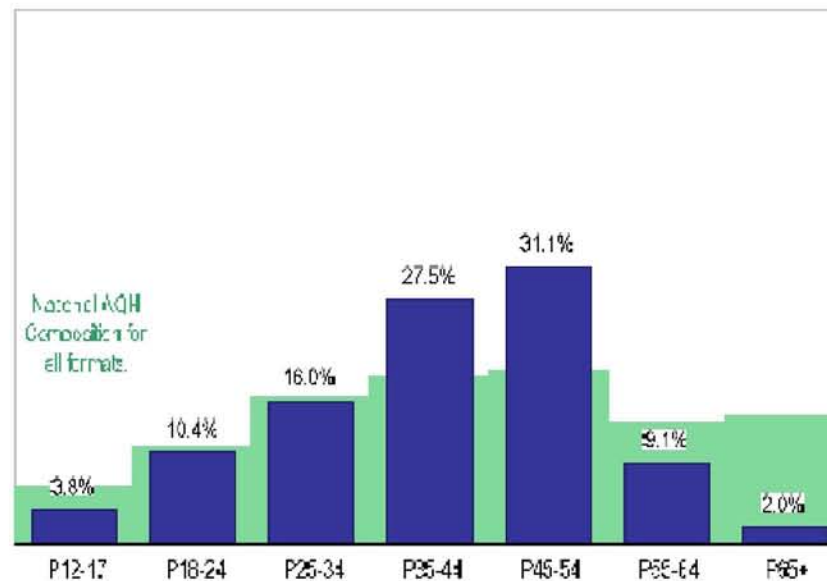
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued



# Classic Rock

## Rockin' On The Job

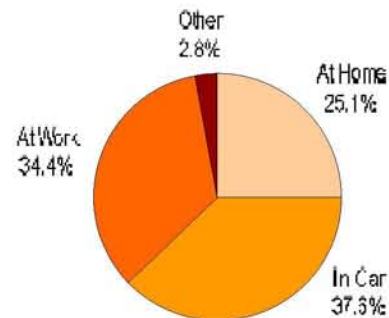
Classic Rock earned more than a third of its listening at work, ranking fourth-highest among all formats. However, increased at-home and in-car listening chipped away 2% of at-work time-in between Spring 2005 and 2007. Although slipping a fraction in each daypart from Spring 2006 to 2007, Classic Rock ranked as the No. 4 format in middays and fifth in mornings and afternoons.

The East North Central and West North Central regions had the most Classic Rock stations, and Classic Rock ranked as the third-most-popular format in the West North Central region. It was fourth in the Mountain area, fifth in East North Central, and sixth in Middle Atlantic and Pacific areas. Despite its ratings decline, Classic Rock improved its share of all radio listening in four regions: New England, South Atlantic, West South Central and Mountain.

Source: Arbitron survey, data may not add to 100%

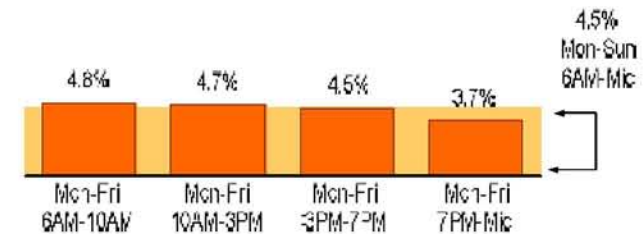
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

4.5% - National Average  
Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued ▶

# Classic Rock

## Top Classic Rock Songs of 2007

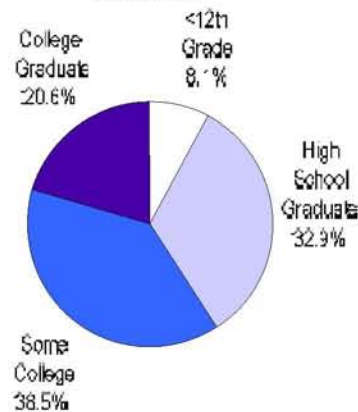
Sweet Emotion <i>Aerosmith</i>
Cream On <i>Aerosmith</i>
La Grange <i>ZZ Top</i>
Sweet Home Alabama <i>Lynyrd Skynyrd</i>
Carry On Wayward Son <i>Kansas</i>
More Than A Feeling <i>Boston</i>
Walk This Way <i>Aerosmith</i>
Tush <i>ZZ Top</i>
Peace Of Mind <i>Fleetwood</i>
The Joker <i>Steve Miller</i>

Source: Mediabase, 2007

Note: Songs recorded into the past 10 years only.  
Source: Mediabase. Songs are from the Airplay chart. Songs come from the Mediabase Plus database. Spring 2007.

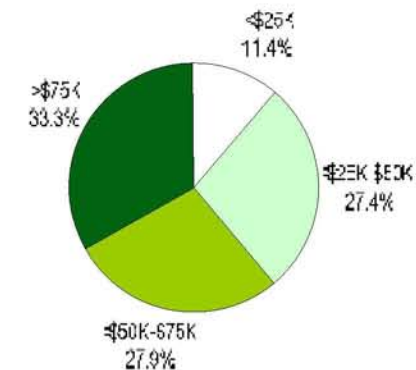
## Education

Persons 18+



## Household Income

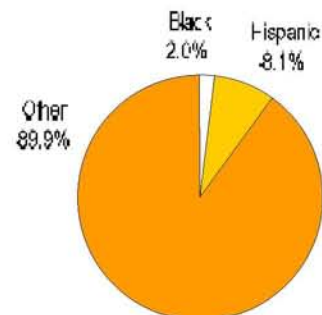
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

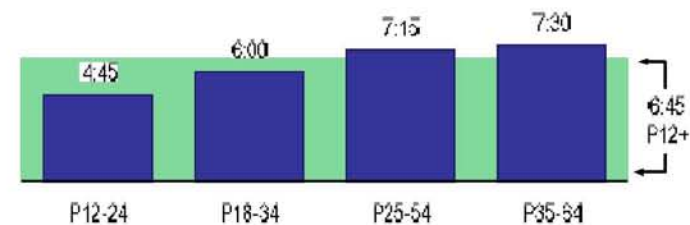
<sup>†</sup> Only in DST Control Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11PM



continued



# Classic Rock

## Strong Interest In Satellite Radio

Auto dealers will be interested in targeting Classic Rock consumers in the coming year, as these consumers indexed above the national average for intent to purchase a new car at most price points, especially in the \$30,000-\$35,000 range, where Classic Rock listeners indexed third-highest among consumers.

Classic Rock listeners leaned Independent politically and were more likely than the average person to vote occasionally in local, statewide and Presidential elections. They were more active online than the average person, ranking No. 2 for visiting auction sites, but also significantly more inclined than the general population to visit radio station Web sites and listen to radio online, download/watch video, check news, weather, blogs and real estate listings.

Classic Rock consumers also indexed above the national average for intent to purchase various consumer electronics, and ranked No. 2 in interest in getting a satellite radio subscription.



This Scarborough study is proprietary and confidential.  
Source: Forrester Research and Scarborough Research  
Data scope from Scarborough USA, November 1, 2007.

## Family Status

Married	60%
Never Married (Single)	27%
No Children in Household	49%
At Least One Child in HH	51%
Two or More Children in HH	29%

## Own or Rent Residence

Own	78%
Rent	20%
Other	5%

## Employment Status

Employed 35 Hours or More	66%
Employed Less Than 35 Hours	14%
Not Employed	17%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	100
Digital Camera	118
DVD Player	104
DVR (TiVo®, etc.)	123
HDTV	112
MP3 Player (iPod®, Creative®, etc.)	113
PDA	142
Satellite Radio Subscription	169
Video Game System	109
Wireless/Cell Service for Other HH Member	116
Wireless/Cell Service for Self	102

## How Often Usually Vote in Local Elections

Always	92
Sometimes	114
Never	97

## How Often Usually Vote in Statewide Elections

Always	96
Sometimes	115
Never	94

## How Often Usually Vote in Presidential Elections

Always	101
Sometimes	107
Never	94

## Political Party Affiliation

Democrat	84
Republican	109
Independent	115
Independent, But Feel Closer to Democrat	112
Independent, But Feel Closer to Republican	121
None of These	95

## Time Spent on the Internet in Average Week

Less than 1 Hour	115
1-4 Hours	113
5-9 Hours	123
10-19 Hours	112
20 Hours or More	120

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	114
\$20,000-\$24,999	111
\$25,000-\$29,999	109
\$30,000-\$34,999	125
\$35,000-\$44,999	120
\$45,000 or More	93

## Ways Online Services Used Past 30 Days

Auction Site	141
Blogs (Read or Contributed to)	122
Download Music/Listen to Audio Clips	124
Download/Watch Video	130
Financial Information/Services	115
Games	109
Internet Yellow Pages	115
Job/Employment Search	112
Listen to Radio	120
Local/Community Events	115
Movie Listings	115
News	123
Pay Bills	112
Radio Station Site	120
Real Estate Listings	121
Travel Reservations (Airline, Hotel, Auto)	106
Weather	124

# Rhythmic Contemporary Hit Radio

## America's Youngest Audience

The strength of America's 156 Rhythmic CHR stations delivered 25 million listeners and 4.0% of the national radio audience in Spring 2007, down from 4.2% in 2006. Rhythmic CHR featured a mix of dance, upbeat rhythmic pop, hip-hop and R&B hits, and was most prominent in the Pacific, West South Central and South Atlantic regions, which account for 62% of the stations. Perhaps due to the high appeal of this format to young Hispanic listeners, fully one-third of Rhythmic CHR stations were located in just two states: California and Texas; no other state had even half that many.

Rhythmic CHR delivered America's youngest audience: Only 8% of its listeners were more than 45 years old, and it ranked No. 1 in both Teen and 18-24 composition at 25% and 30%, respectively. More than half of the audience was under 25, and 79% was under 35. The format ranked No. 2 among Teens, third with Adults 18-24 and fourth among 25-34s.

Notes: Figures rounded; totals may not add to 100.  
Source: radio listenership are from Arbitron; data come from  
Arbitron's Panel Station and Listener List base, Spring 2007



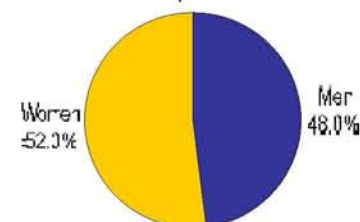
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
3.8%	4.0%	4.5%	4.4%	4.2%	4.0%

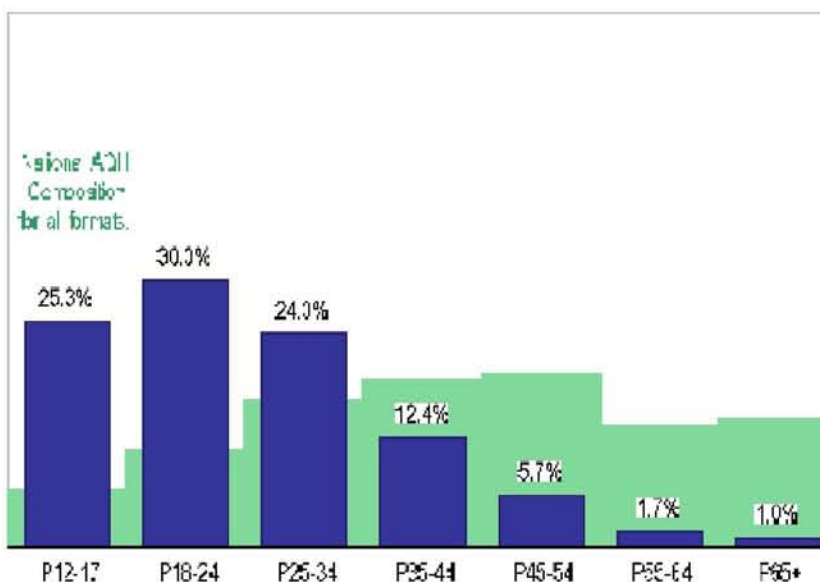
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued ▶

# Rhythmic Contemporary Hit Radio (CHR)

## Legions to Regions

Almost 80% of Rhythmic CHR listening took place at home or in car, fourth highest in those combined locations. In-car listening grabbed nearly 2% more of total tune-in since Spring 2005, and nearly 6% of its listening occurred somewhere other than at work, in car or at home—tops of all formats.

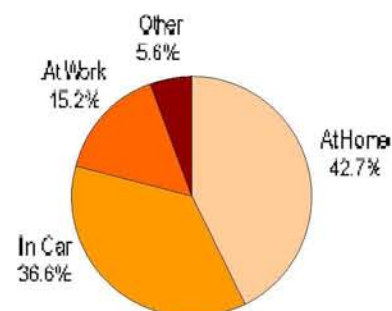
The nation's sixth-favorite format got its best ratings after school let out, where it ranked sixth in afternoons and fourth in evenings. However, those two dayparts were when Rhythmic CHR had lost more of its audience share, dropping 14% and 12%, respectively, from Spring 2005 to 2007.

Rhythmic CHR was the country's third highest rated format in the Pacific region with 7.7% of all listening. It ranked fourth in the West South Central area and sixth in New England. Despite its overall ratings slippage, Rhythmic CHR showed ratings gains in the West South Central and Pacific region.

Note: Excludes Alaska and Hawaii.

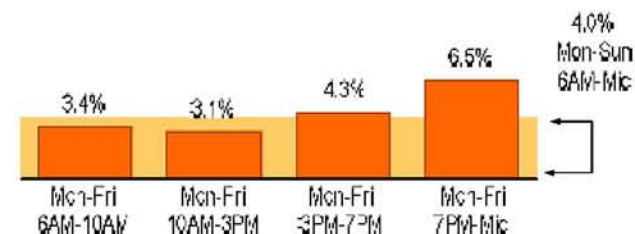
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

4.2% - National Average  
Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued ▶



# Rhythmic Contemporary Hit Radio (CHR)

## Top Rhythmic CHR Songs of 2007

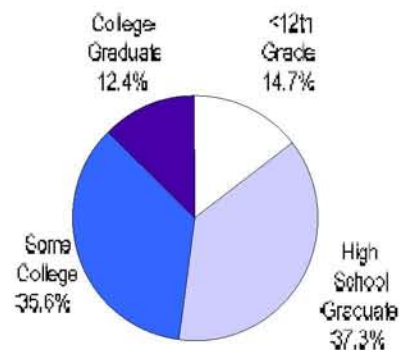
Buy U A Drank (Snowty Snappin')	T-Pain feat. Yung Joc
This Is Why I'm Hot	Ms. Kelly
You	Lloyd feat. Lil Wayne
Irreplaceable	Beyoncé
Don't Matter	Kanye West
We Fly High	Jim Jones
Umbrella	Rihanna feat. Jay Z
Party Like a Rockstar	Shop Boyz
I Wanna Love You	Alvin Aali feat. Sade & Diddy
Shawty	Missy Elliott feat. T-Pain

Source: Mediabase, 2007

Note: Songs listed are based on total airplay for 2007.  
Source: Mediabase. Songs are from the top 100.  
Mediabase. Songs are from the top 100. Spring 2007.

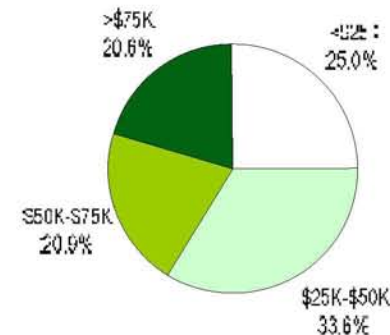
## Education

Persons 18+



## Household Income

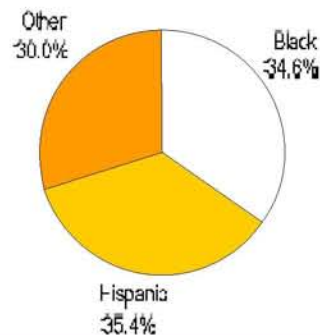
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

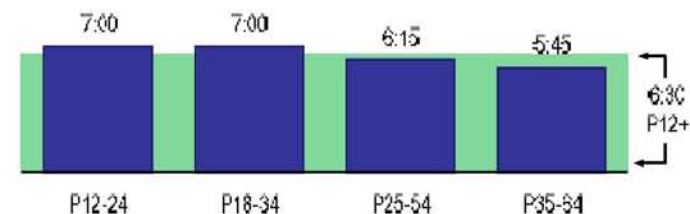
<sup>†</sup> Only in DST Controlled Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11PM



continued

# Rhythmic Contemporary Hit Radio (CHR)

## Top Format for Consumer Electronics Purchases

About 85% of Rhythmic CHR 18+ listeners graduated from high school or have post-secondary education. Rhythmic CHR's audience segment earning \$25,000-\$50,000 in household income ranked third, and the segment earning \$75,000 or more rose 1% between Spring 2005 and 2007.

Rhythmic CHR was tied for fourth-best in time spent listening among 12-24 listeners. TSL between Spring 2006 and 2007 slipped only 15 minutes.

These listeners indexed No.1 in likelihood to purchase a computer, digital camera, HDTV, video game system, MP3 player, PDA, wireless/cell service for a household member or themselves, and a new car valued more than \$45,000. They led all listeners in being single. Rhythmic CHR listeners ranked third in intent to buy a satellite radio service, for downloading/listening to audio clips and for visiting radio sites; they ranked fourth in listening to radio online.



2008, Scarborough Research, Inc. All rights reserved.  
Source: For more information, visit [www.scarboroughresearch.com](http://www.scarboroughresearch.com)  
Data copied from Scarborough Research, Page 11, 2007.

## Family Status

Married	34%
Never Married (Single)	58%
No Children in Household	36%
At Least One Child in HH	62%
Two or More Children in HH	38%

## Own or Rent Residence

Own	52%
Rent	39%
Other	10%

## Employment Status

Employed 35 Hours or More	51%
Employed Less Than 35 Hours	25%
Not Employed	24%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	149
Digital Camera	149
DVD Player	152
DVR (TiVo®, etc.)	153
HDTV	140
MP3 Player (iPod®, Creative®, etc.)	187
PDA	162
Satellite Radio Subscription	159
Video Game System	230
Wireless/Cell Service for Other HH Member	160
Wireless/Cell Service for Self	165

## How Often Usually Vote in Local Elections

Always	69
Sometimes	98
Never	149

## How Often Usually Vote in Statewide Elections

Always	69
Sometimes	110
Never	150

## How Often Usually Vote in Presidential Elections

Always	81
Sometimes	122
Never	158

## Political Party Affiliation

Democrat	111
Republican	67
Independent	101
Independent, But Feel Closer to Democrat	109
Independent, But Feel Closer to Republican	74
None of These	138

## Time Spent on the Internet in Average Week

Less than 1 Hour	110
1-4 Hours	110
5-9 Hours	108
10-19 Hours	111
20 Hours or More	126

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	133
\$20,000-\$24,999	106
\$25,000-\$29,999	149
\$30,000-\$34,999	120
\$35,000-\$44,999	127
\$45,000 or More	186

## Ways Online Services Used Past 30 Days

Auction Site	98
Blog (Read or Contributed to)	140
Download Music/Listen to Audio Clips	16
Download/Watch Video	159
Financial Information/Services	99
Games	128
Internet Yellow Pages	108
Job/Employment Search	168
Listen to Radio	142
Local/Community Events	110
Movie Listings	145
News	105
Pay Bills	118
Radio Station Site	163
Real Estate Listings	110
Travel Reservations (Airline, Hotel, Auto)	98
Weather	97

## Urban Adult Contemporary

## The Growth Streak Continues

Moving from eighth to a tie for seventh-most-popular format in America, Urban Adult Contemporary enjoyed its fifth consecutive ratings increase in Spring 2007, climbing from a 3.4% share to 3.7% of the national radio audience. The country's 170 Urban AC outlets were led by top 25 market leaders in Washington, D.C., and Charlotte-Gastonia-Rock Hill.

More than 15 million people listened to Urban AC each week, and the audience ranked seventh highest in its 58% proportion of Women. The target audience was 35-54, and Urban AC ranked fifth-highest in its audience composition of that demo, as well as fifth for its 45-54 concentration. A gradually aging format, Urban AC saw 3% of its 25-44 segment shift to 45 demos between Spring 2005 and 2007. Nearly 88% of its listeners are at least 25 years old. Urban AC ranked as the fifth highest rated format among Adults 35-64.



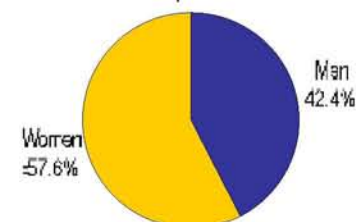
### AQH Share Trend

Persons 12: Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
2.2%	2.6%	3.0%	3.2%	3.4%	3.7%

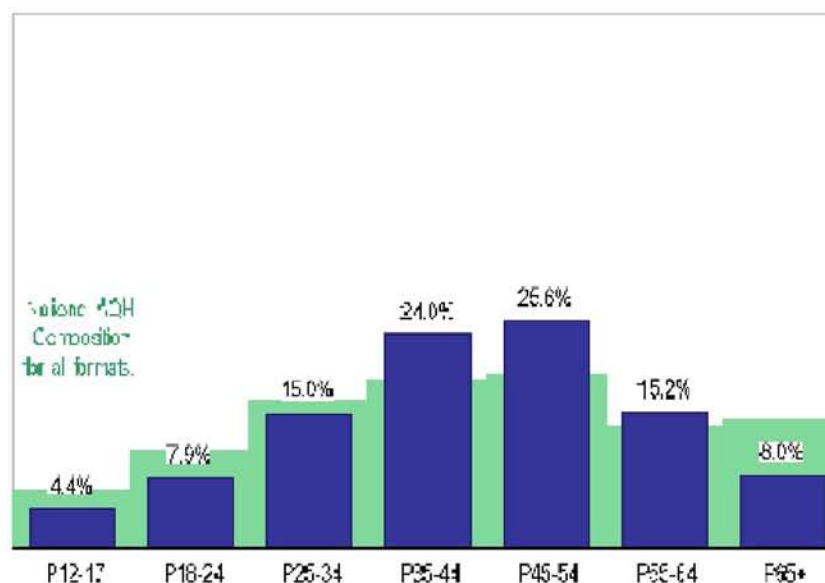
Listeners 12+

Mon Sat. 6AM Mid



### Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-11id



Note: Due to rounding, totals may not add to 100  
Source: Foreign-born persons are from: African, Latin American, Asian, Native American, Pacific Islander, and other.  
Minister@Pax.National.Renewal.Educ.Base, Spring 2007

ထိုသို့ဖြစ်ပေါ်လာခြင်းမှာ အဓိကအားဖြင့် အောက်ပါအချက်များကြောင့် ဖြစ်ပေါ်လာခြင်းဖြစ်သည်။



# Urban Adult Contemporary

## Success Morning And Night

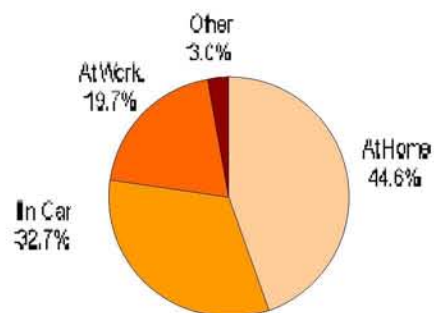
Urban AC ranked fifth-highest for its concentration of at-home listening, though residence and at work listening has been declining in recent years in favor of in-car tune-in. The format's 16% ratings growth in mornings between Spring 2005 and 2007 mirror that of its overall 12+ improvement, and evenings have done even better—up 17% during that time frame. Urban AC ranked seventh in both mornings and evenings, when it got its best ratings.

Over the past year, Urban AC notched ratings growth in six of the country's nine regions. The format ranked No. 2 in the East South Central, fourth in the South Atlantic and sixth in the East North Central area.

Source: Radio Today, 2008 Edition, p. 166

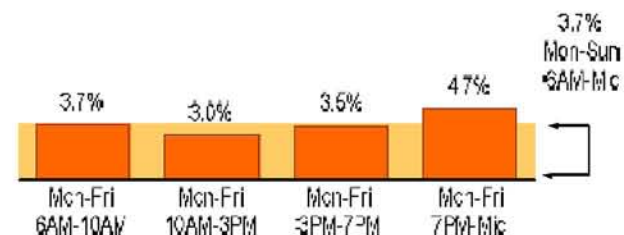
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

3.4% - National Average

Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued ▶

# Urban Adult Contemporary

## Top Urban AC Songs of 2007

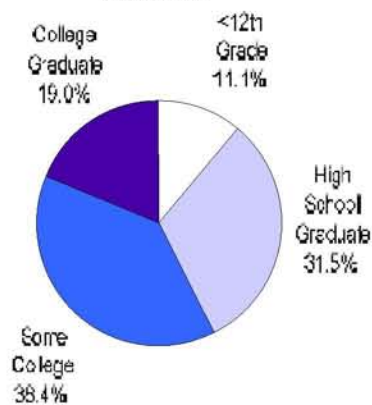
Lost Without U	Robin Thicke
Please Don't Go	Tank
Teachme	Musiq Soulstar
Take Me As I Am	May J. Bliz
When I See U	Farriss
In My Songs	Gerardo Lopez
Buddy	Musiq Soulstar
If I Was Your Man	Joe
Can U Believe	Robin Thicke
Change Me	Robin Thicke

Source: Mediabase, 2007

Note: Songs recorded into the main category of AC  
Source: Songs recorded into the main category of AC  
Note: Songs recorded into the main category of AC  
Source: Songs recorded into the main category of AC

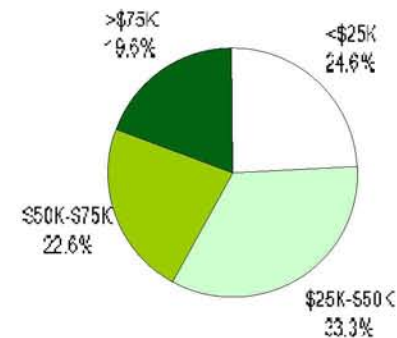
## Education

Persons 18+



## Household Income

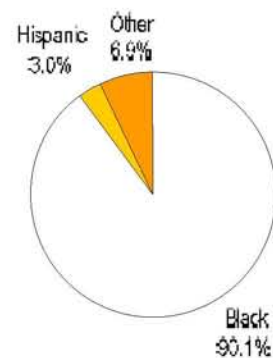
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

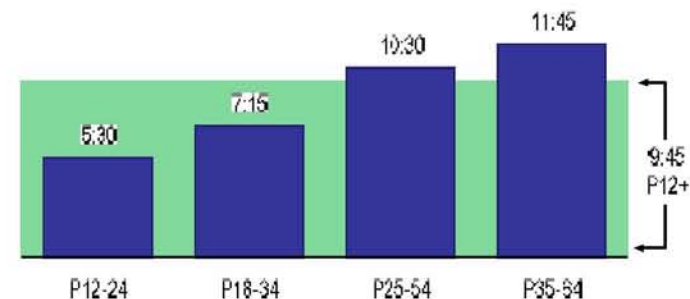
† Only in DST Controlled Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11PM



continued



# Urban Adult Contemporary

## Radio's English-Language TSL Leader

At 89%, Urban AC ranked sixth-best among all formats in terms of percentage of its listeners who had a high school diploma or beyond. The percentage of Urban AC listeners in households earning at least \$75,000 annually advanced 15% between Spring 2005 and 2007—one of the top gains in that category. More than 75% of Urban AC listeners were in the \$25,000+ income segment.

Urban AC boasted the No. 1 highest time spent listening of all English-language formats in this study, ranking No. 1 among both 25-54s and 35-64s, and fifth among 18-34s. However, the format gave 30 minutes of TSL 12+ and 25+ between Spring 2006 and 2007.



Note: Due to rounding, totals may not add to 100.  
Source: Scarborough Research  
Data come from Scarborough USA, Release 1, 2007.

## Family Status

Married	40%
Never Married (Single)	42%
No Children in Household	48%
At Least One Child in HH	5%
Two or More Children in HH	31%

## Own or Rent Residence

Own	57%
Rent	39%
Other	5%

## Employment Status

Employed 35 Hours or More	56%
Employed Less Than 35 Hours	16%
Not Employed	26%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	129
Digital Camera	131
DVD Player	134
DVR (TiVo®, etc.)	154
HDTV	132
MP3 Player (iPod®, Creative®, etc.)	155
PDA	138
Satellite Radio Subscription	116
Video Game System	161
Wireless/Cell Service for Other HH Member	142
Wireless/Cell Service for Self	149

## How Often Usually Vote in Local Elections

Always	92
Sometimes	99
Never	113

## How Often Usually Vote in Statewide Elections

Always	96
Sometimes	107
Never	120

## How Often Usually Vote in Presidential Elections

Always	97
Sometimes	109
Never	107

## Political Party Affiliation

Democrat	173
Republican	45
Independent	69
Independent, But Feel Closer to Democrat	105
Independent, But Feel Closer to Republican	55
None of These	99

## Time Spent on the Internet in Average Week

Less than 1 Hour	103
1-4 Hours	99
5-9 Hours	92
10-19 Hours	84
20 Hours or More	99

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	147
\$20,000-\$24,999	94
\$25,000-\$29,999	110
\$30,000-\$34,999	112
\$35,000-\$44,999	150
\$45,000 or More	139

## Ways Online Services Used Past 30 Days

Auction Site	66
Blog (Read or Contributed to)	82
Download Music/ Listen to Audio Clips	125
Download/Watch Video	122
Financial Information/Services	89
Games	111
Internet Yellow Pages	112
Job/Employment Search	184
Listen to Radio	114
Local/Community Events	108
Movie Listings	15
News	89
Pay Bills	112
Radio Station Site	146
Real Estate Listings	118
Travel Reservations (Airline, Hotel, Auto)	96
Weather	83

# Urban Contemporary

## Strength With Teens, Young Adults

America's 154 Urban Contemporary stations attracted nearly 18 million listeners and generated a 3.7% share in Spring 2007, down from 4.1% a year earlier. Its ratings decline can be partially attributed to 25 fewer stations (resulting in 2 million fewer listeners). Urban Contemporary was tied as America's seventh most popular programming choice, ranking No. 1 in Atlanta and Baltimore.

Urban Contemporary's appeal leaned towards Women. It ranked third-highest in Teen composition, fourth in 18-24 concentration and fifth for its percentage of 25-34s. Almost two thirds of its listeners were under 35; 82% were under 45. It ranked No. 3 among Teens, fourth with Adults 18-24 and fifth with 25-34s.

More than one-third of Urban Contemporary stations were in the South Atlantic, nearly twice as many as elsewhere. Twenty-two states had none, including California, with only one each in New England and the Mountain areas.

Note: Due to rounding, totals may not add to 100.  
Source: Radio Today's data are from Arbitron. Data come from  
Arbitron's 250 Station and 150 City base, Spring 2007.



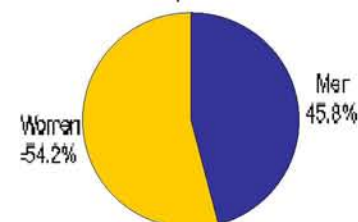
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
4.3%	4.6%	4.4%	4.3%	4.1%	3.7%

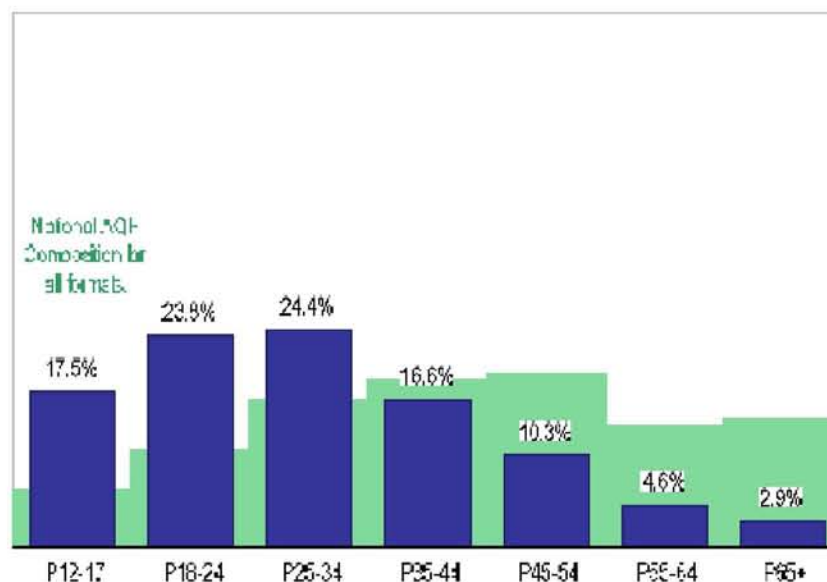
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued

# Urban Contemporary

## A Little Night Music

Urban Contemporary ranked No. 4 among all formats in the percentage of its listening taking place at home, though in car increasingly took share from residence tune-in. Almost 5% of Urban Contemporary listening occurred somewhere other than at home, at work or in car, ranking second-highest in that category.

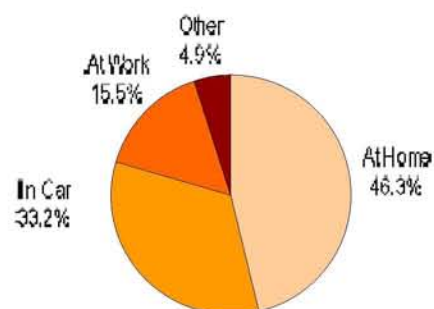
The format generated its best ratings at night, where it ranked fifth among all formats. It also outperformed its overall 12+ share in afternoons, ranking seventh. It was in afternoons when Urban Contemporary's 12+ ratings slippage was most pronounced, down 16%, respectively, between Spring 2005 and 2007.

Significantly regionalized, Urban Contemporary was the second strongest format in the East South Central region, and was fifth-most-popular in the Middle Atlantic and South Atlantic areas. The format gained audience share in the Middle Atlantic, East South Central, East North Central and Pacific regions.

Source: Nielsen Audio, 2007. May 14-20, 2008

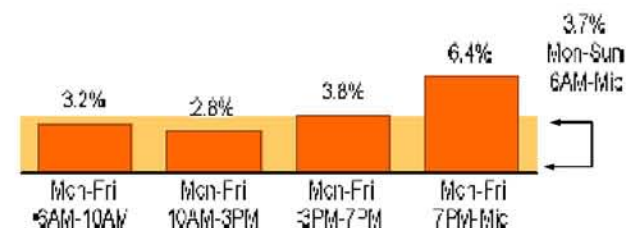
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

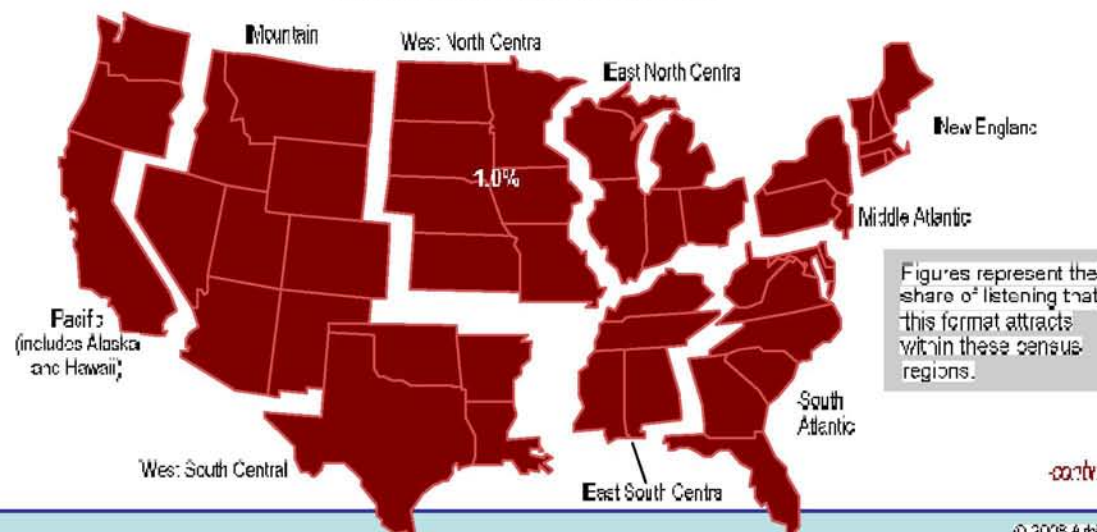
Persons 12+



## Audience Share by Region

3.7% - National Average

Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued



# Urban Contemporary

## Top Urban Contemporary Hits Of 2007

**Buy U A Drink (Sawty Strappin')**  
T Pain feat. Yung Joc

**You**  
Lloyd feat. Lil Wayne

**When I See U**  
Farrell

**Lost Without U**  
Enin feat. T-Pain

**Shawty**  
T-Pain feat. T-Pain

**Promise**  
Ciara

**Until The End Of Time**  
Destiny Fierro feat. Sade

**Let It Go**  
Keyshia Cole

**Poppin'**  
Cane Brown

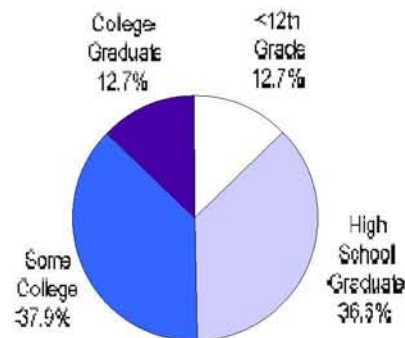
**Bed**  
J. Holiday

Source: Mediabase, 2007

Note: Single recording data may not add to 100%  
Source: non-exclusives are from Allmusic; sales come from  
Mediabase; plus Nielsen's demographic base, Spring 2007

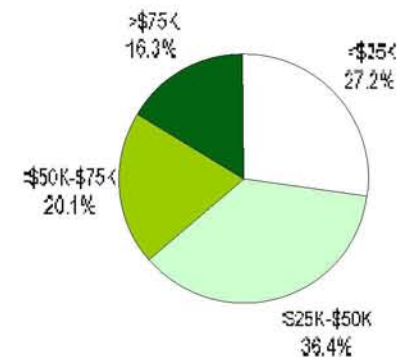
## Education

Persons 18+



## Household Income

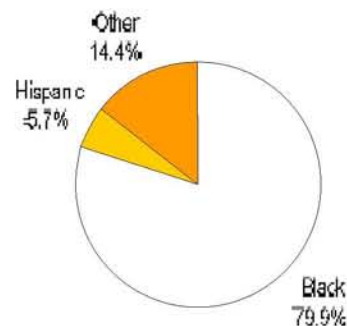
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

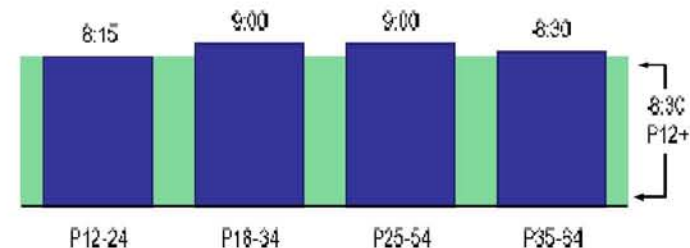
<sup>†</sup> Only in DST Controlled Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11PM



continued

# Urban Contemporary

## Attractive Purchasing Prospects

More than 87% of Urban Contemporary listeners have at least a high school diploma, and more than half attended or graduated from college. Notably, the percent of those in \$75,000+ households had jumped 21% between Spring 2005 and 2007—the biggest increase of any format. Nearly three-quarters of Urban Contemporary listeners lived in households earning more than \$25,000 per year.

Time spent listening to Urban Contemporary was fifth-best among all formats. The format ranked No. 2 in TSL among 12-24s and 18-34s, was tied for fourth among 25-54s and was sixth among 35-64s.

Urban Contemporary listeners indexed No. 3 in planning to buy a digital camera, DVR, HDTV, PDA, video game system and wireless/cell service for themselves or a family member. They indexed No. 1 for online job/employment search and for buying a car priced between \$15,000-\$20,000. They were third most likely to purchase an automobile valued between \$25,000-\$30,000.



This document is the property of Scarborough Research. For more information, please contact us at 1-800-368-7676. Data source: Scarborough Research, Spring 2007.

## Family Status

Married	31%
Never Married (Single)	56%
No Children in Household	41%
At Least One Child in HH	59%
Two or More Children in HH	34%

## Own or Rent Residence

Own	50%
Rent	41%
Other	9%

## Employment Status

Employed 35 Hours or More	54%
Employed Less Than 35 Hours	22%
Not Employed	24%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	122
Digital Camera	136
DVD Player	153
DVR (TiVo®, etc.)	152
HDTV	135
MP3 Player (iPod®, Creative®, etc.)	163
PDA	154
Satellite Radio Subscription	110
Video Game System	211
Wireless/Cell Service for Other HH Member	146
Wireless/Cell Service for Self	156

## How Often Usually Vote in Local Elections

Always	76
Sometimes	95
Never	141

## How Often Usually Vote in Statewide Elections

Always	72
Sometimes	109
Never	145

## How Often Usually Vote in Presidential Elections

Always	86
Sometimes	129
Never	137

## Political Party Affiliation

Democrat	143
Republican	52
Independent	75
Independent, But Feel Closer to Democrat	113
Independent, But Feel Closer to Republican	69
None of These	122

## Time Spent on the Internet in Average Week

Less than 1 Hour	10
1-4 Hours	108
5-9 Hours	90
10-19 Hours	90
20 Hours or More	104

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	166
\$20,000-\$24,999	93
\$25,000-\$29,999	126
\$30,000-\$34,999	118
\$35,000-\$44,999	107
\$45,000 or More	146

## Ways Online Services Used Past 30 Days

Auction Site	84
Blog (Read or Contributed to)	114
Download Music/Listen to Audio Clips	152
Download/Watch Video	144
Financial Information/Services	83
Games	118
Internet Yellow Pages	103
Job/Employment Search	201
Listen to Radio	131
Local/Community Events	90
Movie Listings	129
News	100
Pay Bills	117
Radio Station Site	138
Real Estate Listings	105
Travel Reservations (Airline, Hotel, Auto)	88
Weather	91

# Mexican Regional

## Five Wins in a Row

One of America's fastest-growing formats, Mexican Regional expanded its presence from 227 stations to 302 between Spring 2006 and 2007, widening its weekly reach 12% from 9.3 million to 10.6 million and claiming the No. 1 station in Los Angeles. Mexican Regional moved up from the No. 11 format to No. 9 in one year, cracking the top 10 for the first time. The format climbed from a 2.1% 12+ share in Spring 2006 to a 3.4% by Spring 2007, gaining five consecutive years.

Appealing primarily to Men, Mexican Regional was also a younger-demo format, as 60% of its listeners were under 35. Its audience was highly concentrated in the 25-44 demographic, with a higher percentage of its audience in both that segment (55%) and between the ages of 25-34 (35%) than any other format. Mexican Regional ranked No. 3 among Adults 25-34 and fifth with Adults 18-24.

Note: All ratings and shares are preliminary.  
Source: Arbitron. Data are from the Mexican Regional  
Mexican Regional stations are based on Spring 2007



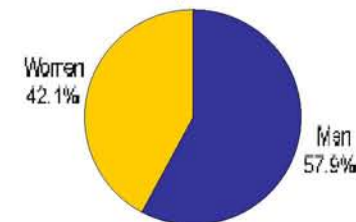
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
2.1%	2.4%	2.6%	2.8%	3.1%	3.4%

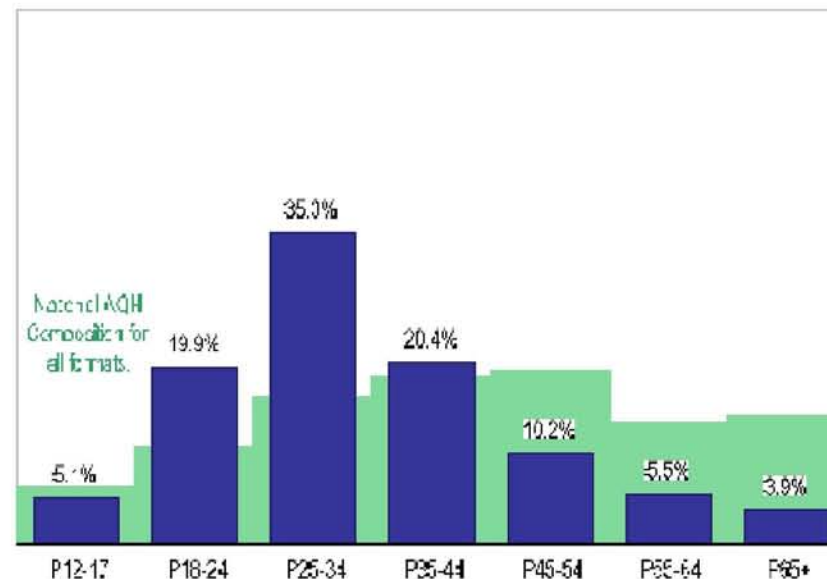
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued



# Mexican Regional

## Improvements Around the Clock

Mexican Regional's ratings advanced significantly in all dayparts, up 19% in mornings since Spring 2005, up 21% in middays, 25% in afternoons and 19% in evenings. The format ranked sixth in mornings and middays.

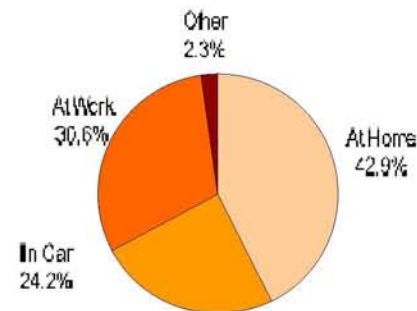
Unlike most formats where in-car tune-in was on the rise, listening by location to Mexican Regional has remained almost unchanged in the past three years. It was sixth-highest in its at-home percentage and last among all formats for in-car listening, which generated just 24% of its ratings.

As its name also suggests, Mexican Regional was highly regionalized, heard in 33 states. Nearly all of its ratings came from the Pacific, where it ranked No. 2, and the West South Central and Mountain areas, where it was No. 3. More than a third of Mexican Regional stations were in the Pacific region.

Source: Arbitron weekly, 2005 May/June to 2006 10/06

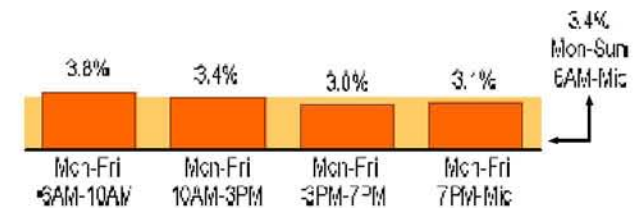
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

3.4% - National Average

Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued ►

# Mexican Regional

## Top Regional Mexican Hits of 2007

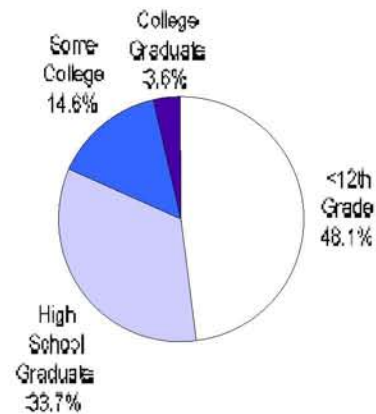
A Ti Si Puedo Decirte <i>El Chape De Sinsac</i>
Lagrimas Del Corazon <i>Grupo M4r4bz De Durango</i>
De Ti Exclusivo <i>Los Amalados Benas El Lumen</i>
Basta Ya <i>Conjunta Primavera</i>
Ese <i>Conjunta Primavera</i>
Dame Un Besito <i>Imaxxas</i>
La Noche Perfecta <i>El Chape De Sinsac</i>
Dimo Quien Es <i>Los Peleros Del Norte</i>
Mil Heridas <i>Cuscatlan</i>
Por Amarte Asi <i>Los Alacranes Musicales</i>

Source: Mediabase, 2007

Note: Songs recorded into the main database (100)  
Source: non-ethnic formats are from Allmusic. Songs come from  
Mexican@Plus National Regional Lists base, Spring 2007

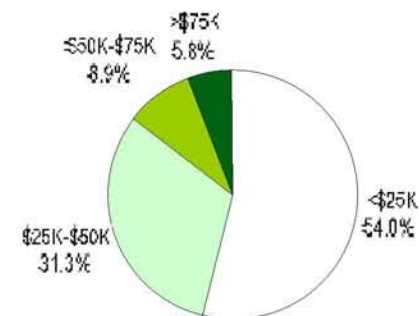
## Education

Persons 18+



## Household Income

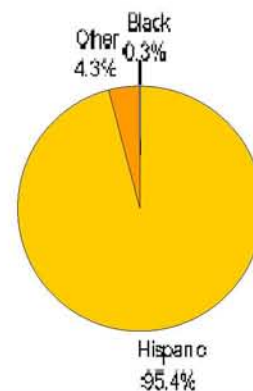
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

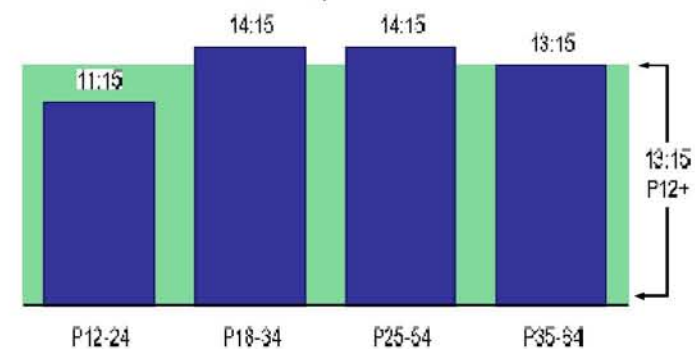
<sup>†</sup> Only in DST Control Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11PM



continued



# Mexican Regional

## Gearing Up For the Web

More than half of Mexican Regional listeners had a high school diploma or went to college. The percentage of Mexican Regional consumers earning at least \$25,000 annually grew from less than 44% to 46% between Spring 2005 and 2007.

Time spent listening was where Mexican Regional shines: it dominated all formats 12+, as well as 12-24, 18-34, 25-54 and 35-54. However, as with most formats, TSL declined between Spring 2006 and 2007 in all demos.

Mexican Regional was the leading format in having children at home, in being renters and not being politically affiliated. Their low Internet activity will likely be offset in the coming year by indexing No. 1 for intent to purchase a computer. They also indexed tops for planning to purchase a wireless/cell plan for themselves; No. 2 for likelihood to buy a digital camera, HDTV or MP3 player.



Table: Scarborough, data may not add to 100  
Source: Scarborough are from AllScan  
Data come from Scarborough USA, Release 1, 2007.

## Family Status

Married	52%
Never Married (Single)	38%
No Children in Household	32%
At Least One Child in HH	68%
Two or More Children in HH	49%

## Own or Rent Residence

Own	40%
Rent	55%
Other	5%

## Employment Status

Employed 35 Hours or More	58%
Employed Less Than 35 Hours	19%
Not Employed	26%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	173
Digital Camera	144
DVD Player	136
DVR (TiVo®, etc.)	121
HDTV	137
MP3 Player (Poc®, Creative®, etc.)	167
PDA	149
Satellite Radio Subscription	112
Video Game System	209
Wireless/Cell Service for Other HH Member	138
Wireless/Cell Service for Self	186

## How Often Usually Vote in Local Elections

Always	47
Somet mes	64
Never	2*6

## How Often Usually Vote in Statewide Elections

Always	47
Somet mes	72
Never	223

## How Often Usually Vote in Presidential Elections

Always	52
Somet mes	113
Never	265

## Political Party Affiliation

Democrat	87
Republican	45
Independent	62
Independent, But Feel Closer to Democrat	82
Independent, But Feel Closer to Republican	65
None of These	247

## Time Spent on the Internet in Average Week

Less than 1 Hour	78
1-4 Hours	64
5-9 Hours	49
10-19 Hours	51
20 Hours or More	52

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	68
\$20,000-\$24,999	115
\$25,000-\$29,999	94
\$30,000-\$34,999	NA*
\$35,000-\$44,999	NA*
\$45,000 or More	NA*

## Ways Online Services Used Past 30 Days

Auction Site	43
Blog (Read or Contributed to)	57
Download Music/ Listen to Audio Clips	85
Download/Watch Video	72
Financial Information/Services	44
Games	48
Internet Yellow Pages	55
Job/Employment Search	66
Listen to Radio	67
Local/Community Events	54
Movie Listings	64
News	59
Pay Bills	61
Radio Station Site	72
Real Estate Listings	47
Travel Reservations (Airline, Hotel, Auto)	48
Weather	48

\*Not available owing to insufficient information

# Hot Adult Contemporary

## An Efficient 25-54 Performer

With 451 stations, Hot Adult Contemporary delivered a 3.2% share of the national radio audience in Spring 2007, just as it did the previous year, stopping several years of declining ratings. Although ranked as the 10th-most-popular format, Hot AC ranked seventh in weekly Cume, with 23.5 million listeners.

Hot AC was the quintessentially efficient 25-54 format, with only 21% of its audience under 25 and only 10% older than 55. Still, Hot AC ranked as the fifth-highest-rated format among Teens. More than half of its listeners were between 25-44. Its 25-44 composition was fourth highest of all formats. It also ranked fourth-highest in its ratio of Women listeners to Men. Aging slowly, Hot AC's 45+ audience composition increased 2% between Spring 2005 and 2007.

Note: Due to rounding, totals may not add to 100.  
Source: radio listenership are from Arbitron. Data come from  
Mediamatrix Plus National Regional List base, Spring 2007

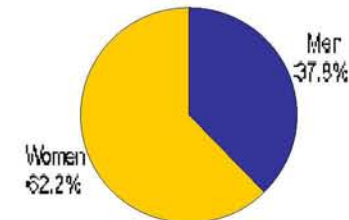
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
3.0%	3.8%	3.7%	3.6%	3.2%	3.2%

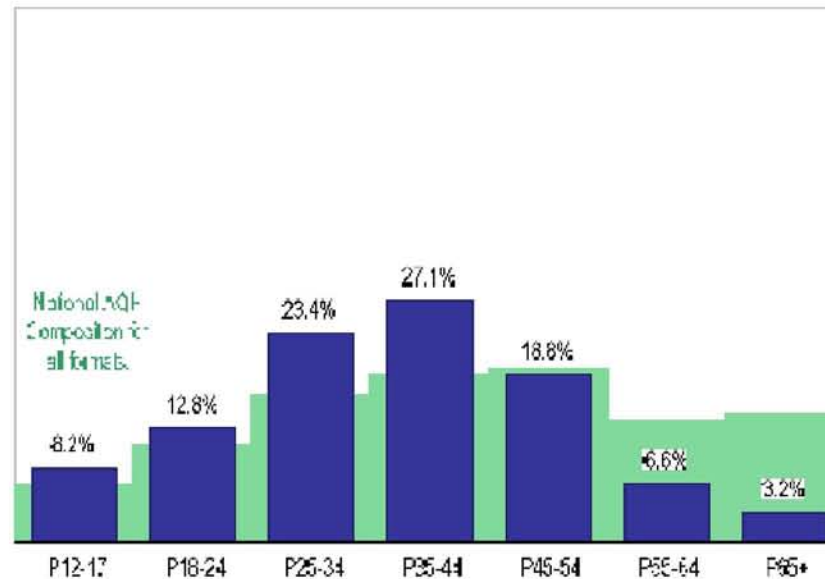
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued

# Hot Adult Contemporary

## Improving As the Day Goes On

While Hot AC's proportion of at-work listening ranked fifth-highest of all formats, that percentage slipped more than 2% since Spring 2005, with most of that shift moving to in-car tune-in.

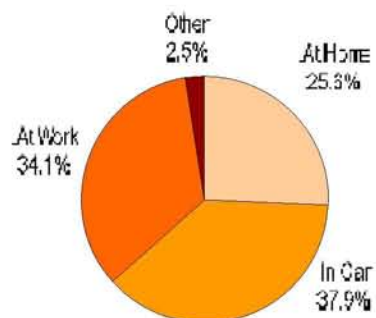
Hot AC's level performance between Spring 2006 and 2007 came from fractional declines in mornings and middays, offset by similar gains in afternoons and evenings. Hot AC outperformed its 12+ ratings in middays, when it tied for sixth among all formats, and also in afternoons, when it ranked eighth.

During the year, Hot AC improved its ratings in three regions: West North Central, Mountain and Pacific. It did best in East North Central, ranking sixth, and was seventh 12+ in the New England, East North Central, West North Central and Mountain areas.

Source: Radio Today, 2008 Edition, p. 66

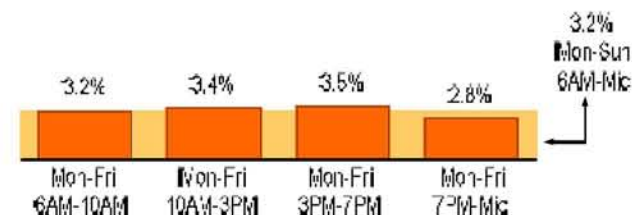
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

3.2% - National Average

Persons 12+, Mon-Sun, 6AM-Mid, AQH Share



continued ▶



# Hot Adult Contemporary

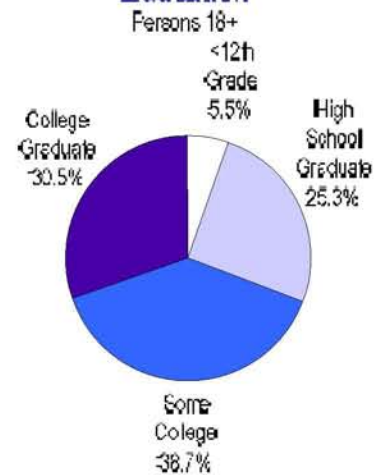
## Top Hot AC Songs of 2007

How To Save A Life	<i>The Fray</i>
Chasing Cars	<i>Snow Patrol</i>
It's Not Over	<i>Daughtry</i>
If Everyone Cared	<i>Nickelback</i>
Makes Me Wonder	<i>Neon5</i>
Hone	<i>Daughtry</i>
Waiting On The World To Change	<i>John Mayer</i>
The Sweet Escape	<i>Laverne Platter</i>
Say It Right	<i>Nelly Furtado</i>
First Time	<i>Lifeline</i>

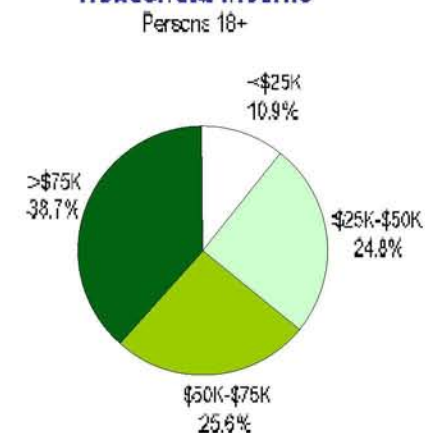
Source: Mediabase, 2007

Note: Songs recorded into the main category of AC  
Source: Mediabase are from the AC chart. Songs come from  
Mediabase's Hot AC chart. All data based on Spring 2007

## Education

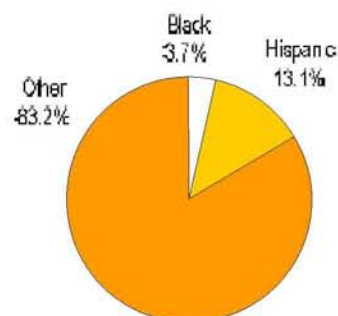


## Household Income



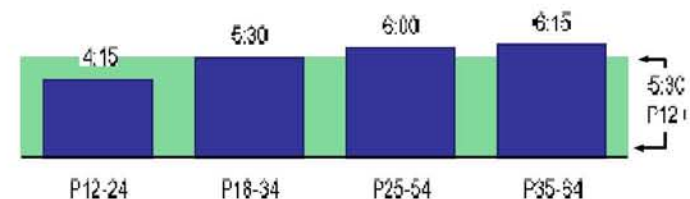
## Ethnic Composition<sup>†</sup>

AQH Persons  
\* Only in DST Controlled Markets



## Time Spent Listening by Demographic

(Hours:Minutes)  
Mon-Sun, 6AM-11PM



continued

# Hot Adult Contemporary

## Highest Level of Employment

More than 94% of Hot AC listeners had a high school diploma. The format ranked seventh for its proportion of college graduates and was eighth in the percentage of its listeners who had attended or graduated from college.

The percentage of Hot AC's audience in households earning \$75,000 or more annually was up since Spring 2005—ranking it seventh among all formats and a 12% growth rate over that time frame. Nearly 90% of Hot AC listeners earned at least \$25,000 per year.

Hot AC listeners were the least unemployed of all radio listeners. They indexed No. 3 for spending 20 hours or more surfing the Web, indexing far above the norm and leading all other listeners for checking local/community events. Their listeners were among the most likely to go online to play games, pay bills and search online Yellow Pages, weather and real estate listings.



John Scarborough, john@scarboroughresearch.com  
Source: Scarborough Research  
Data come from Scarborough LSAR, May 11, 2007.

## Family Status

Married	59%
Never Married (Single)	30%
No Children in Household	44%
At Least One Child in HH	56%
Two or More Children in HH	35%

## Own or Rent Residence

Own	73%
Rent	21%
Other	6%

## Employment Status

Employed 35 Hours or More	61%
Employed Less Than 35 Hours	19%
Not Employed	20%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	104
Digital Camera	133
DVD Player	103
DVR (TiVo®, etc.)	122
HDTV	108
MP3 Player (iPod®, Creative®, etc.)	141
PDA	111
Satellite Radio Subscription	14
Video Game System	116
Wireless/Cell Service for Other HH Member	122
Wireless/Cell Service for Self	107

## How Often Usually Vote in Local Elections

Always	83
Sometimes	120
Never	103

## How Often Usually Vote in Statewide Elections

Always	90
Sometimes	124
Never	99

## How Often Usually Vote in Presidential Elections

Always	98
Sometimes	122
Never	97

## Political Party Affiliation

Democrat	92
Republican	102
Independent	111
Independent, But Feel Closer to Democrat	110
Independent, But Feel Closer to Republican	107
None of These	96

## Time Spent on the Internet in Average Week

Less than 1 Hour	125
1-4 Hours	119
5-9 Hours	131
10-19 Hours	132
20 Hours or More	130

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	100
\$20,000-\$24,999	115
\$25,000-\$29,999	107
\$30,000-\$34,999	123
\$35,000-\$44,999	116
\$45,000 or More	114

## Ways Online Services Used Past 30 Days

Auction Site	134
Blog (Read or Contributed to)	136
Download Music/Listen to Audio Clips	138
Download/Watch Video	145
Financial Information/Services	122
Games	128
Internet Yellow Pages	138
Job/Employment Search	145
Listen to Radio	131
Local/Community Events	156
Movie Listings	145
News	132
Pay Bills	137
Radio Station Site	145
Real Estate Listings	134
Travel Reservations (Airline, Hotel, Auto)	129
Weather	133

# Classic Hits

## No. 1 For Ratings Growth

The 288 stations programming Classic Hits generally focused on pop hits of the late '60 through the '70s, and Spring 2007 was a watershed year for Classic Hits, which supplanted Oldies as the leading format for older pop hits. Classic Hits and Oldies combined for 5.4% of all listeners in both Spring 2006 and 2007. But Classic Hits jumped from a tie for 14th to No. 11, scoring 12+ from a 2.1% to 2.8%, while Oldies fell by the same margin.

While distinguishing the two formats may originally have been more of branding, the differences became more tangible, especially in its younger audience composition, with 72% of Classic Hits listeners being under 55, compared to Oldies' 54%. Classic Hits' 45-54 listener segment was largest of all formats. Each week, Classic Hits reached almost 17 million listeners, up from under 13 million in Spring 2006.

Note: Single-weeking data may not add to 100.  
Source: format share and age are from Arbitron. Sex is from  
Mediamark's PanelScan and age is from the base, Spring 2007.

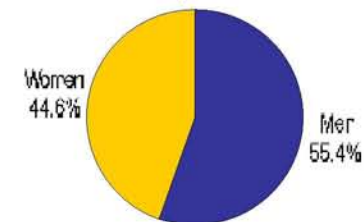
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
0.9%	1.2%	1.4%	1.6%	2.1%	<b>2.8%</b>

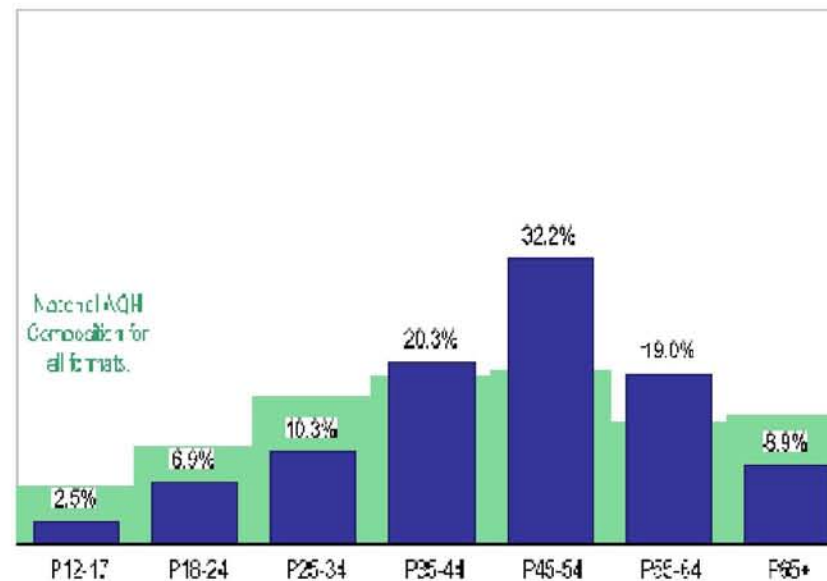
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued ▶



# Classic Hits

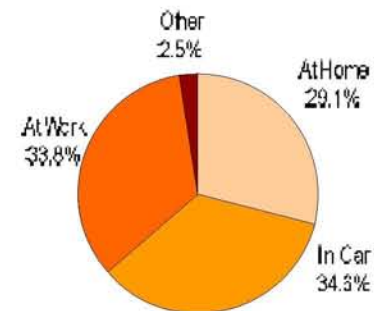
## Gains In All Dayparts

More of the listening to Classic Hits took place out of home than most formats, though that became less so in Spring 2007, as at-home gained 2%, mostly from in car, the preferred location. While Classic Hits improved impressively in all dayparts, it did best in middays, where it outperformed its overall 12+ share.

Classic Hits increased its audience share everywhere except the Mountain area. Its share nearly tripled in the Pacific region, and nearly doubled in the East South Central territory. Classic Hits ranked fifth among all formats in New England.

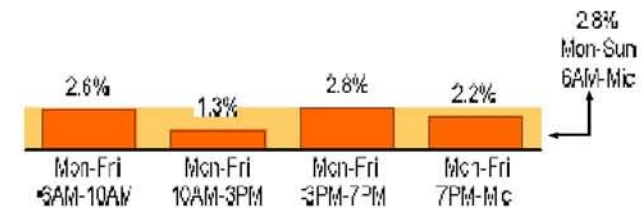
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

2.8% - National Average

Persons 12+, Mon Sun, 6AM Mid, AQH Share



Note: Single recording, data may not add to 100.  
Source: non-ethnic listeners are from Arbitron; data come from  
Mediabase® Plus National Regional List base, Spring 2007

continued ▶



# Classic Hits

## Top Classic Hits Songs of 2007

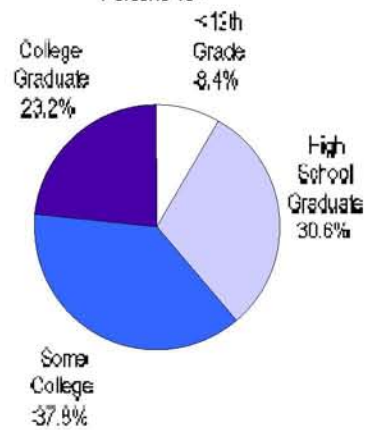
Brown Eyed Girl
<i>Van Morrison</i>
Respect
<i>Aretha Franklin</i>
Magic Carpet Ride
<i>Steppenwolf</i>
Ivory Mary
<i>Tommy James/Shondick</i>
Oh! Pretty Woman
<i>Fay Claico</i>
I'm A Believer
<i>Monkees</i>
Maggie May
<i>Rod Stewart</i>
Sister Golden Hair
<i>America</i>
Margarita La
<i>Johnny B. Goode</i>
Long Cool Woman In A Black Dress
<i>Falco</i>

Source: Arbitron, 2007

Note: Songs in ascending order by total airplay.  
Source: Arbitron's data is from a survey of 100 million listeners. Songs are from the top 100 songs of the week.  
Arbitron's data is based on a survey of 100 million listeners.

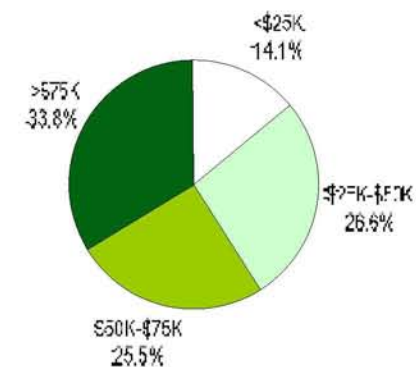
## Education

Persons 18+



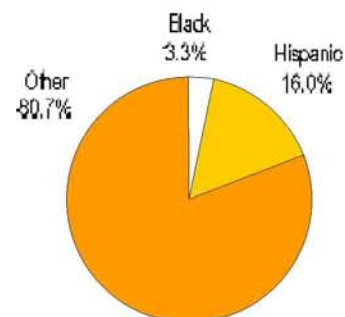
## Household Income

Persons 18+



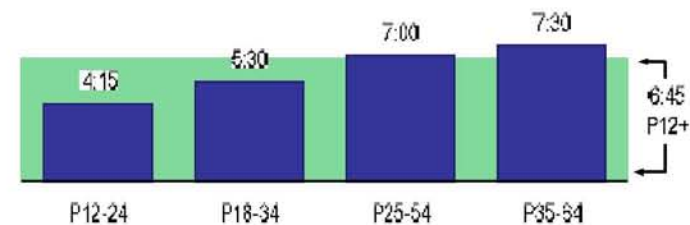
## Ethnic Composition<sup>†</sup>

AQH Persons  
† Only in DST Control Markets



## Time Spent Listening by Demographic

(Hours:Minutes)  
Mon-Sun, 6AM-11PM



continued ▶

# Classic Hits

## Strongly Independent Politically

Listeners to Classic Hits indexed second-highest for being Independent politically, although those Independents that had a preference tended to lean Republican. They indexed third-most-likely of all radio listeners to be in the market to purchase a car selling for \$20,000-\$25,000, and were nearly 30% more likely than the average person to be shopping for a satellite radio service in the coming year. Classic Hits listeners also were more probable purchasers of DVD players, DVRs and PDAs than the general public.



Table: Scarborough, Inc. is not responsible for the accuracy of the data. Source: Scarborough Research. Data come from Scarborough USA, Release 1, 2007.

## Family Status

Married	62%
Never Married (Single)	22%
No Children in Household	56%
At Least One Child in HH	42%
Two or More Children in HH	24%

## Own or Rent Residence

Own	79%
Rent	17%
Other	4%

## Employment Status

Employed 35 Hours or More	61%
Employed Less Than 35 Hours	15%
Not Employed	24%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	89
Digital Camera	94
DVD Player	111
DVR (TiVo <sup>®</sup> , etc.)	107
HDTV	100
MP3 Player (Poc <sup>®</sup> , Creative <sup>®</sup> , etc.)	97
PDA	111
Satellite Radio Subscription	128
Video Game System	89
Wireless/Cell Service for Other HH Member	96
Wireless/Cell Service for Self	98

## How Often Usually Vote in Local Elections

Always	96
Sometimes	110
Never	95

## How Often Usually Vote in Statewide Elections

Always	102
Sometimes	106
Never	91

## How Often Usually Vote in Presidential Elections

Always	103
Sometimes	98
Never	90

## Political Party Affiliation

Democrat	90
Republican	107
Independent	114
Independent, But Feel Closer to Democrat	101
Independent, But Feel Closer to Republican	121
None of These	90

## Time Spent on the Internet in Average Week

Less than 1 Hour	117
1-4 Hours	112
5-9 Hours	119
10-19 Hours	109
20 Hours or More	105

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	120
\$20,000-\$24,999	122
\$25,000-\$29,999	109
\$30,000-\$34,999	103
\$35,000-\$44,999	101
\$45,000 or More	115

## Ways Online Services Used Past 30 Days

Auction Site	109
Blog (Read or Contributed to)	90
Download Music/Listen to Audio Clips	107
Download/Watch Video	102
Financial Information/Services	108
Games	95
Internet Yellow Pages	111
Job/Employment Search	113
Listen to Radio	107
Local/Community Events	117
Movie Listings	103
News	110
Pay Bills	108
Radio Station Site	116
Real Estate Listings	114
Travel Reservations (Airline, Hotel, Auto)	114
Weather	114

# Oldies

## Heading Towards 55+ Emphasis

The Oldies format, formerly home of '50s and '60s hits, has slowly evolved over time to include pop singles of the early '70s. Oldies has recently lost some signals, as of Spring 2007 there were 30 fewer Oldies stations than in 2006. The 750 stations produced almost 16 million listeners, earning a 2.6% national share, down from 3.4% in Spring 2006 and about half its 12 share of four years ago. Much of that listening appears to have gone to Classic Hits, which gained the same 0.7 difference. The ninth-most-popular format in the last report, Oldies ranked No. 12.

Oldies' gender split was nearly 50/50. Nearly half of its listeners were at least 55 years old—more than any other pop music format, and Oldies' 45-54 and 55-64 compositions also were higher than other formats. Oldies ranked No. 4 among Adults 55-64 and fifth with adults 65+.



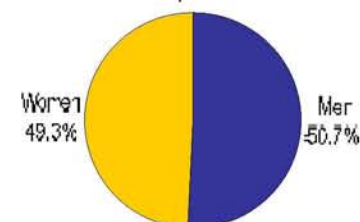
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
5.3%	5.0%	5.0%	4.1%	3.3%	2.6%

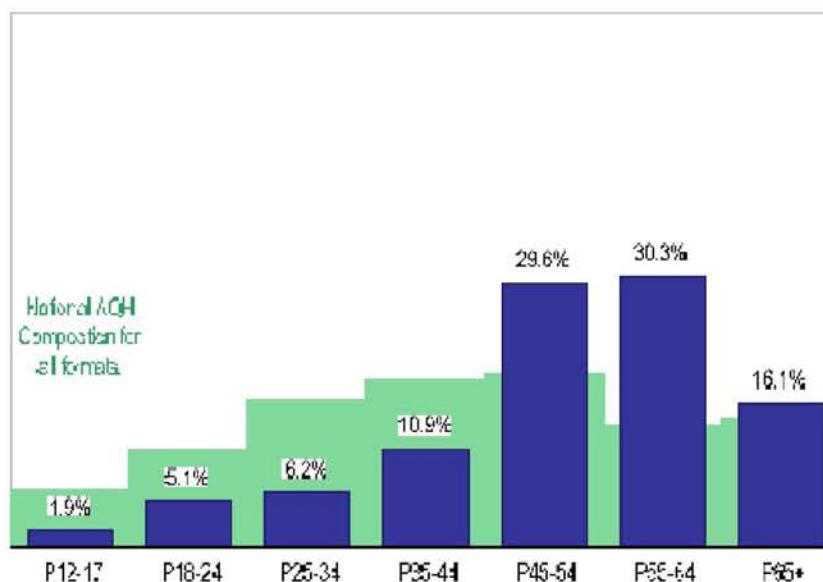
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



Note: Single-week data may not add to 100.  
Source: RadioListeners are from Arbitron. Data come from  
Arbitron's RadioListeners by Market base, Spring 2007.

continued



# Oldies

## A Popular At-Work Format

Tune-in by location for Oldies consumers has remained almost identical since Spring 2005, with Oldies fans giving more of their total listening at work than do listeners of the majority of other formats. Though down significantly from Spring 2006 in all dayparts, Oldies generated its best ratings in middays, where it slightly exceeded its overall 12+ share.

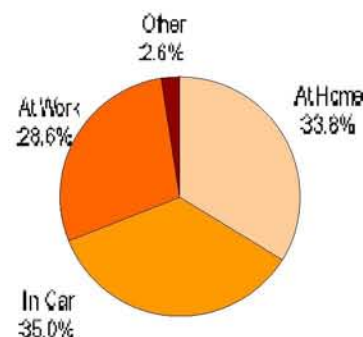
Regional ratings for Oldies slipped everywhere in Spring 2007, though Oldies still performed best in the West North Central area, where it ranked sixth. The format was eighth-strongest in the Mountain zone, and ranked ninth in East North Central and East South Central territories.

Despite the loss of some stations, Oldies remained the fifth-most programmed format in radio.

Note: Share rounded; this may not add to 100

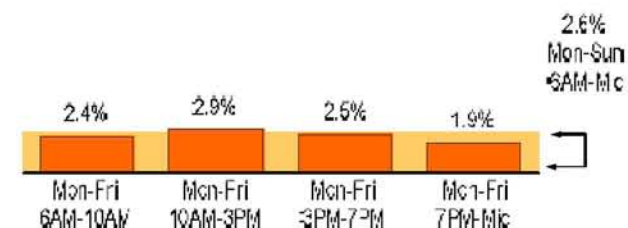
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

3.3% - National Average

Persons 12+, Mon-Sun, 6AM-Mid, AQH Share



continued ▶

# Oldies

## Signs Of Strengthening TSL

More than 58% of Oldies listeners had post-secondary education, and better than 91% had a high school diploma, a consistent figure for six years. The segment of Oldies listeners living in households earning \$75,000 or more annually was up at a pace of more than 9% since Spring 2002.

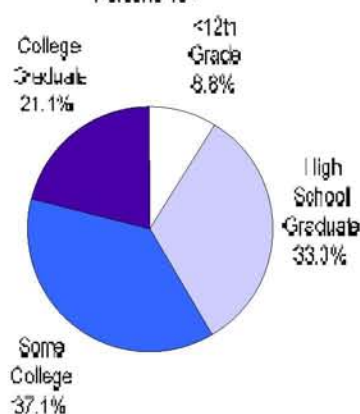
Time spent listening to Oldies has held up well in recent years. In fact, TSL increased 15 minutes among 12-24-year-olds and 18-34s—one of the few formats to improve TSL in any demo. Competitive with other heritage music formats, Oldies was stable overall 12-, and down only 15 minutes among 25-34s and 35-64s.

Between Spring 2006 and 2007, Oldies became increasingly homogenous, as the audience composition of African-Americans and Hispanics declined a combined 2.5%. Along with Alternative, Oldies was one of only two formats where the proportion of both African-Americans and Hispanics was less than the previous year.

Notes: Significant trends may not add to 100%  
Source: Arbitron's National Radio Audience Survey  
Arbitron's National Radio Audience Survey, Spring 2007

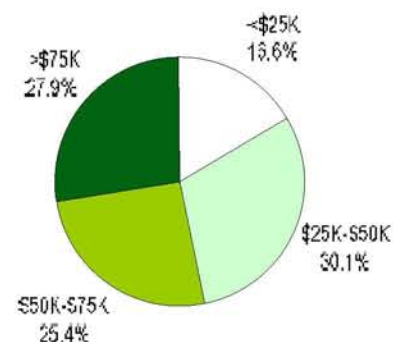
## Education

Persons 18+



## Household Income

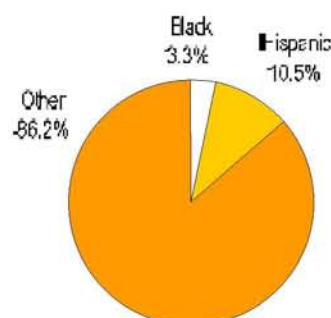
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

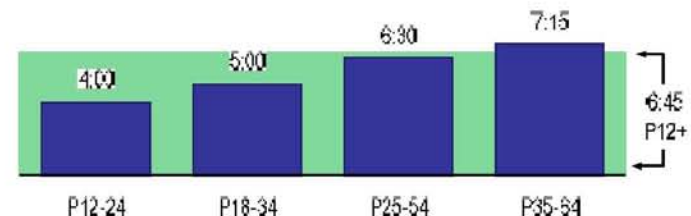
<sup>†</sup> Only in DST Control Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11PM



continued

# Oldies

## Independent-Minded

Reliable voters, Oldies listeners indexed third-highest for being an independent, and were more likely than the general public to always vote in local, statewide and Presidential elections. They were No. 2 in percentage of being empty-nesters, and indexed somewhat more likely than the average person to be shopping for a car in the \$20,000-\$25,000 range. While they indexed slightly above the norm in being active online, they were more inclined than the general population to be interested in certain Web categories: Yellow Pages, news, real estate listings, travel reservations and weather. Of note to broadcasters was that Oldies consumers were the least likely of all radio listeners in this report to download music/listen to audio clips.



Note: Sample weighting; this may not add to 100.  
Source: Scarborough Research  
Data come from Scarborough USA, Release 4, 2007.

## Family Status

Married	62%
Never Married (Single)	20%
No Children in Household	67%
At Least One Child in HH	33%
Two or More Children in HH	17%

## Own or Rent Residence

Own	80%
Rent	17%
Other	3%

## Employment Status

Employed 35 Hours or More	55%
Employed Less Than 35 Hours	16%
Not Employed	29%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	95
Digital Camera	89
DVD Player	88
DVR (TiVo <sup>®</sup> , etc.)	102
HDTV	94
MP3 Player (iPod <sup>®</sup> , Creative <sup>®</sup> , etc.)	83
PDA	85
Satellite Radio Subscription	87
Video Game System	96
Wireless/Cell Service for Other HH Member	100
Wireless/Cell Service for Self	88

## How Often Usually Vote in Local Elections

Always	105
Sometimes	107
Never	84

## How Often Usually Vote in Statewide Elections

Always	109
Sometimes	102
Never	82

## How Often Usually Vote in Presidential Elections

Always	105
Sometimes	103
Never	90

## Political Party Affiliation

Democrat	96
Republican	104
Independent	133
Independent, But Feel Closer to Democrat	103
Independent, But Feel Closer to Republican	105
None of These	90

## Time Spent on the Internet in Average Week

Less than 1 Hour	105
1-4 Hours	109
5-9 Hours	107
10-19 Hours	109
20 Hours or More	103

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	108
\$20,000-\$24,999	111
\$25,000-\$29,999	96
\$30,000-\$34,999	104
\$35,000-\$44,999	79
\$45,000 or More	87

## Ways Online Services Used Past 30 Days

Auction Site	101
Blog (Read or Contributed to)	94
Download Music/ Listen to Audio Clips	85
Download/Watch Video	85
Financial Information/Services	107
Games	102
Internet Yellow Pages	114
Job/Employment Search	98
Listen to Radio	91
Local/Community Events	107
Movie Listings	94
News	106
Pay Bills	96
Radio Station Site	94
Real Estate Listings	107
Travel Reservations (Airline, Hotel, Auto)	110
Weather	112



# All Sports

## Steady Growth, Impressive Qualitatives

America's 13th ranked format, All Sports reached 14.2 million listeners per week and appraised to a higher ratio of men to women than any other programming. There were 560 stations carrying All Sports in America—eighth of all formats—usually featuring network programs along with local personalities, as well as local, regional college and professional play-by-play, call-in talk shows and interviews. All Sports improved its share of the national radio audience in steady increments every year since Spring 2003.

The audience composition for All Sports was nearly all 25+, with half of its listeners over 45 and almost half between 35-54. Its proportion of 35-44s was sixth-highest of all formats. The audience has been aging slightly since Spring 2005, with All Sports' 45+ composition increasing from under 48% to 51%.

Notes: All data rounded; this may not add to 100.  
Source: radio listenership are from Arbitron. Data come from  
Arbitron's All-Station Regional List base, Spring 2007

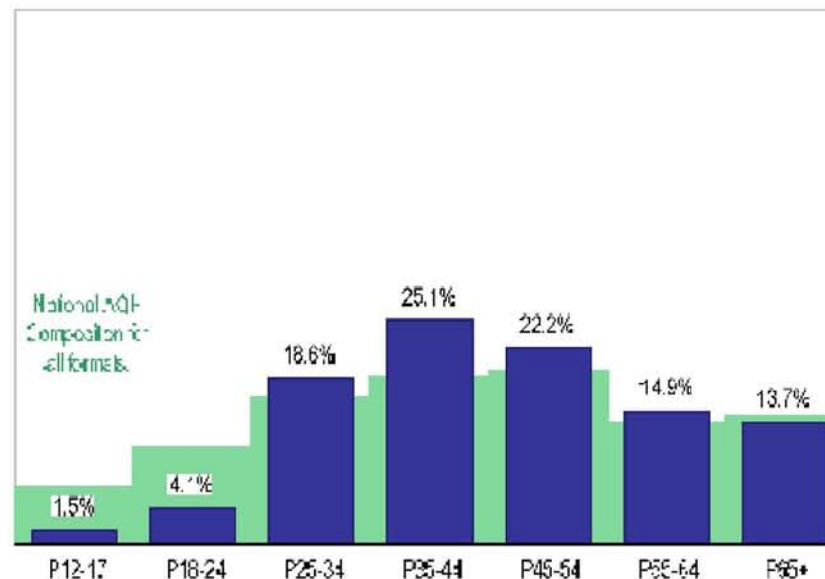
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
1.8%	1.7%	2.0%	2.1%	2.2%	2.3%

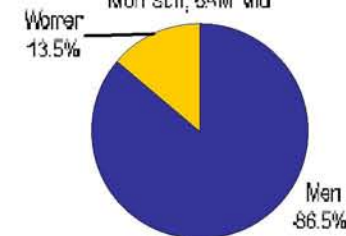
## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



## Listeners 12+

Mon-Sun, 6AM-Mid



continued ▶



# All Sports

## Proven Regional Balance

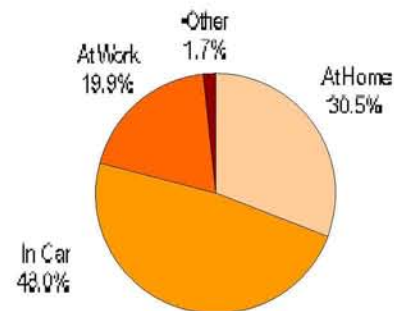
To car is by far the preferred location where All Sports listeners tune-in; only Contemporary Christian claimed a higher proportion of its overall listening taking place on the road. To car rose from 46% to 48% of All Sports listening, taking time away from at home and at work. All Sports scored particularly well in afternoon drive, where it has improved every year since 2005, substantially exceeding its average 12+ share at that time. It also delivered above-average ratings in mornings and middays.

All-Sports was well-balanced regionally, with its strongest ratings in New England and the Middle Atlantic areas and showing growth everywhere else, except the West South Central, where it was relatively even with Spring 2006.

Note: Share rounded; this may not add to 100

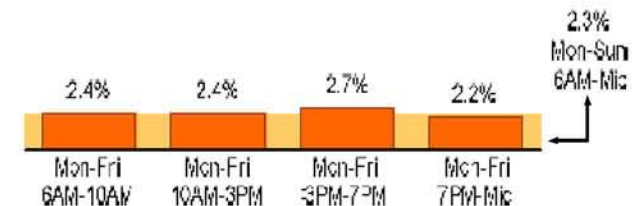
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

2.3% - National Average

Persons 12+, Mon Sun, 6AM Mid, AQH Share



Figures represent the share of listening that this format attracts within these census regions.

continued ▶

# All Sports

## Leaders in Affluence and Education

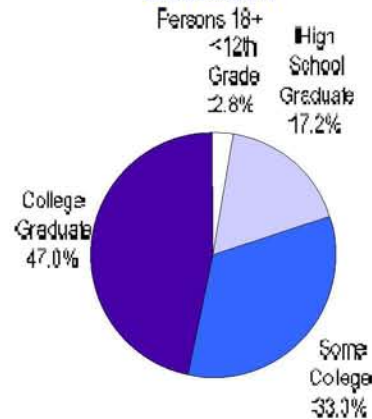
Hold the jokes about the stereotypical dumb jocks: All Sports listeners ranked No. 2 among all formats in the percentage of its listeners holding a college degree, and 80% of them have attended or graduated from college, also ranking No. 2 among all formats in this study.

The education paid off: All Sports was No. 1 in the percentage of its listeners in households earning \$25,000, \$50,000 and \$75,000 or more annually. Nearly 75% were in the \$50,000-plus income bracket. All Sports listeners in the \$75,000-plus category rose from below 48% to more than 51% since Spring 2005. African-Americans and Hispanics represented less than 20% of listeners.

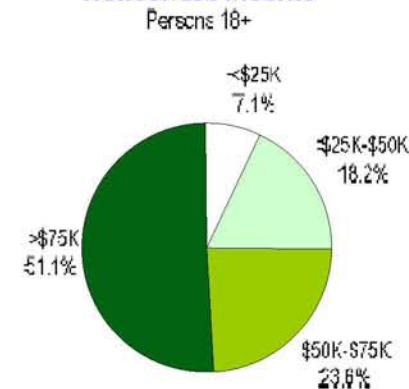
Time spent listening to All Sports slipped 15 minutes overall from Spring 2006 to 2007. It was off 30 minutes among 12-24s, 15 minutes among Adults 18-34. While holding steady with 25-54s, TSL was down 15 minutes with 35-64s.

Note: All numbers are in minutes and seconds (M:SS).  
Source: Radio Today 2007 Edition. All data come from  
the National Radio Audience Survey, Spring 2007.

## Education

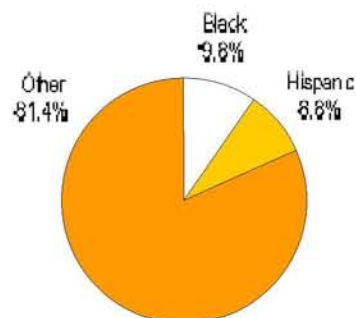


## Household Income



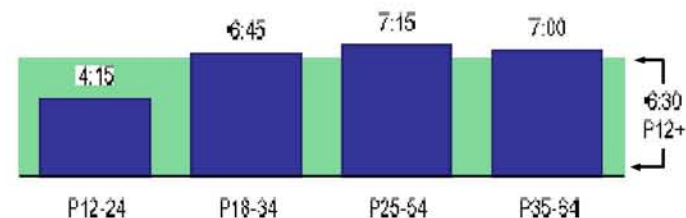
## Ethnic Composition<sup>†</sup>

AQH Persons  
\* Only in DST Control Markets



## Time Spent Listening by Demographic

(Hours:Minutes)  
Mon-Sun, 6AM-6PM



continued →

# All Sports

## Full-time Employment, Top Homeowners

A higher percentage of All Sports listeners were employed full time and owned their own home than any other format. They indexed at or near the top for intent to buy a new car worth \$20,000 to \$45,000, being at least 20% more likely than the average population for that price range. Reliable and above average voters in all levels of elections, they also ranked No. 2 in percentage of being married.

All Sports consumers were highly active online, being at least 30% more likely to spend 20 hours a week using the Web. They indexed among the top formats in several online activities including listening to streaming radio, visiting radio station sites, checking financial resources, reading/contributing to blogs, downloading/watching video and music and many other areas. These listeners were far more likely than the general public to be in the market for a DVR, HDTV, PDA and satellite radio subscription.



This Scarborough Radio Today study is for the  
Source: For more details see the full report.  
Data source: Scarborough Radio Today, Page 11, 2007.

## Family Status

Married	69%
Never Married (Single)	18%
No Children in Household	55%
At Least One Child in HH	45%
Two or More Children in HH	28%

## Own or Rent Residence

Own	81%
Rent	17%
Other	3%

## Employment Status

Employed 35 Hours or More	70%
Employed Less Than 35 Hours	10%
Not Employed	21%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	94
Digital Camera	95
DVD Player	99
DVR (TiVo®, etc.)	143
HDTV	133
MP3 Player (iPod®, Creative®, etc.)	105
PDA	138
Satellite Radio Subscription	129
Video Game System	91
Wireless/Cell Service for Other HH Member	97
Wireless/Cell Service for Self	75

## How Often Usually Vote in Local Elections

Always	112
Sometimes	111
Never	71

## How Often Usually Vote in Statewide Elections

Always	119
Sometimes	100
Never	64

## How Often Usually Vote in Presidential Elections

Always	113
Sometimes	81
Never	64

## Political Party Affiliation

Democrat	88
Republican	119
Independent	105
Independent, But Feel Closer to Democrat	120
Independent, But Feel Closer to Republican	144
None of These	63

## Time Spent on the Internet in Average Week

Less than 1 Hour	92
1-4 Hours	109
5-9 Hours	134
10-19 Hours	139
20 Hours or More	130

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	105
\$20,000-\$24,999	131
\$25,000-\$29,999	137
\$30,000-\$34,999	124
\$35,000-\$44,999	136
\$45,000 or More	115

## Ways Online Services Used Past 30 Days

Auction Site	137
Blogs (Read or Contributed to)	146
Download Music/ Listen to Audio Clips	135
Download/Watch Video	150
Financial Information/Services	154
Games	112
Internet Yellow Pages	134
Job/Employment Search	119
Listen to Radio	145
Local/Community Events	127
Movie Listings	134
News	148
Pay Bills	131
Radio Station Site	162
Real Estate Listings	134
Travel Reservations (Airline, Hotel, Auto)	139
Weather	141



# Contemporary Christian

## In Car Drives the Ratings

Contemporary Christian, a genre of popular music that also featured issues and subjects connected to the Christian faith, moved up one notch in Spring 2007 to become America's sixth-most-programmed format with 724 stations. It reached 14.3 million listeners per week and leaned decidedly towards Women, who make up nearly 63% of its listeners – third highest of all formats in this report. In Spring 2007, Contemporary Christian earned 2.2% of the national radio audience; the 0.2% decline from 2006 was its first after several years of growth.

Two thirds of Contemporary Christian listeners were between 25-54, and nearly half were between 35-54. The format had the fifth highest composition of 35- to 44-year-olds, and although nearly 92% of its listeners were at least 18, its Teen composition was sixth highest. The audience appeared to be aging very slightly, with the 45+ audience composition growing from 37% to 39% between Spring 2005 and 2007.

Note: Due to rounding, totals may not add to 100.  
Source: For all formats are from Arbitron. Data come from Arbitron's National Radio Audience base, Spring 2007.



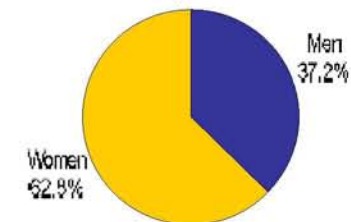
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
1.8%	1.9%	2.2%	2.3%	2.4%	2.2%

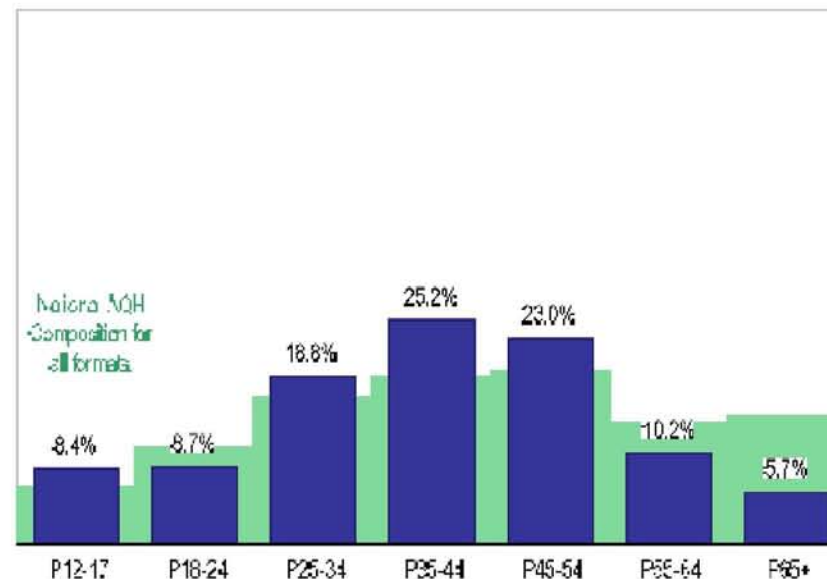
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued

# Contemporary Christian

## Afternoon was Leading Daypart

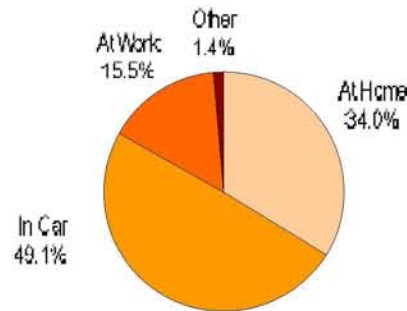
Nearly half of Contemporary Christian listening took place in the car; that was higher than any other format, and the percentage grew steadily, as at-work listening—the smallest component of the three main locations—continued to decline. Though down in all dayparts, weekday ratings for Contemporary Christian were strongest in afternoons and held virtually even from Spring 2005.

Contemporary Christian carried its highest ratings in the East South Central region, where it ranked eighth among all formats, and it ranked ninth in the West North Central area.

Broadcast in all 50 states, Contemporary Christian had the most stations in the East North Central region, with a sixth of all outlets.

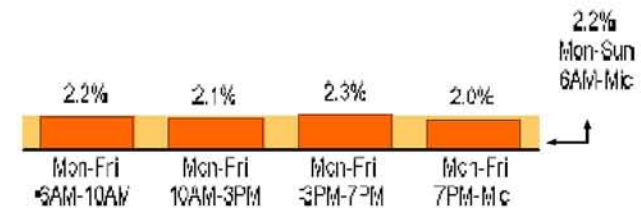
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

2.2% - National Average  
Persons 12+, Mon Sun, 6AM Mid, AQH Share



Source: Radio Today, 2008, 2005, 2004, 2003, 2002, 2001, 2000

# Contemporary Christian

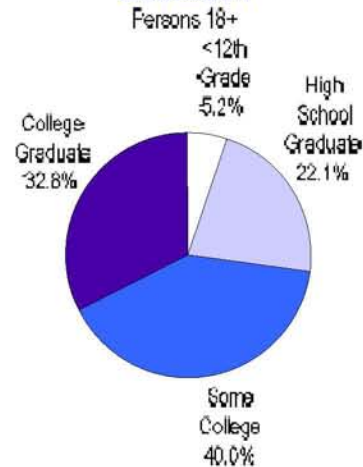
## Top Contemporary Christian Songs of 2007

Under the Cross	Rush Of Fools
Every Time I Breathe	Big Daddy Weave
Everlasting God	Lionel Richie
Give You Glory	Jeremy Camp
Bring The Rain	Monifah
Does Anybody Hear For	Coasting Crowns
I'm Not Who I Was	Brandon Heath
We're To Live	Tommy Lee
Made To Worship	Chris Tomlin
You Alone	Ed Sheeran

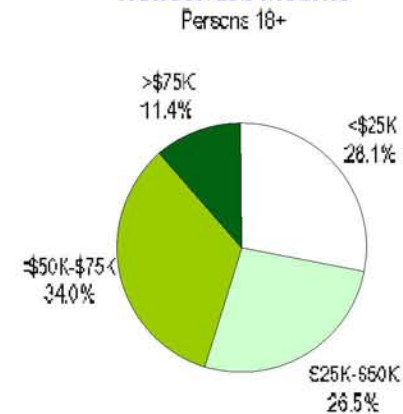
Source: Mediabase, 2007

Note: Songs listed are based on total sales for the year.  
Source: Mediabase. All figures are from the Mediabase database, Spring 2007.

## Education

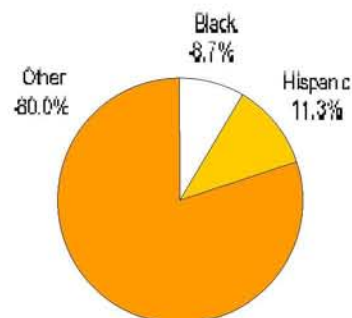


## Household Income



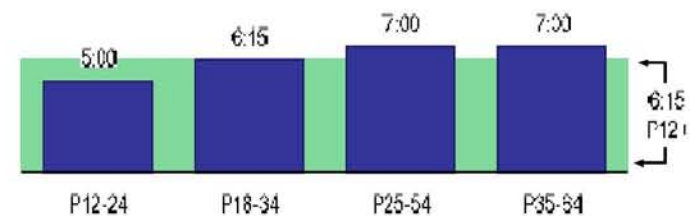
## Ethnic Composition<sup>†</sup>

AQH Persons  
\* Only in DST Controlled Markets



## Time Spent Listening by Demographic

(Hours:Minutes)  
Mon-Sun, 6AM-11PM



continued



# Contemporary Christian

## Married, Republican, Listening Online

Almost 95% of Contemporary Christian listeners had a high school diploma. They ranked fifth in percentage of listeners with a college degree (nearly one-third) and sixth for having attended or graduated from college. More than 60% live in households earning at least \$30,000 a year, and beyond a third were in households in the \$75,000+ category, up at a rate of 15% since Spring 2005, when it was below 20%.

Contemporary Christian's ratings decline can be traced to time spent listening, which fell significantly in Spring 2007, down 45 minutes per week overall, as well as with 25-34s and 35-44s.

A higher percentage of Contemporary Christian listeners were married than those of any other format. Indexing No. 1 for being occasional voters, they also indexed No. 1 for being Republican and last for being Democrats. They were active but light Internet users, but indexed No. 3 for listening to radio online.



Mark Scarborough, 408.526.9440  
Source: Forcasthink.com and Arbitron  
Data come from Scarborough USA, Page 11, 2007.

## Family Status

Married	71%
Never Married (Single)	17%
No Children in Household	41%
At Least One Child in HH	60%
Two or More Children in HH	39%

## Own or Rent Residence

Own	78%
Rent	17%
Other	5%

## Employment Status

Employed 35 Hours or More	56%
Employed Less Than 35 Hours	18%
Not Employed	24%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	102
Digital Camera	98
DVD Player	114
DVR (TiVo®, etc.)	129
HDTV	109
MP3 Player (iPod®, Creative®, etc.)	116
PDA	92
Satellite Radio Subscription	131
Video Game System	110
Wireless/Cell Service for Other HH Member	116
Wireless/Cell Service for Self	107

## How Often Usually Vote in Local Elections

Always	92
Sometimes	124
Never	86

## How Often Usually Vote in Statewide Elections

Always	100
Sometimes	124
Never	79

## How Often Usually Vote in Presidential Elections

Always	108
Sometimes	102
Never	72

## Political Party Affiliation

Democrat	67
Republican	155
Independent	76
Independent, But Feel Closer to Democrat	82
Independent, But Feel Closer to Republican	128
None of These	80

## Time Spent on the Internet in Average Week

Less than 1 Hour	127
1-4 Hours	134
5-9 Hours	126
10-19 Hours	122
20 Hours or More	155

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	125
\$20,000-\$24,999	75
\$25,000-\$29,999	91
\$30,000-\$34,999	109
\$35,000-\$44,999	101
\$45,000 or More	78

## Ways Online Services Used Past 30 Days

Auction Site	132
Blog (Read or Contributed to)	124
Download Music/ Listen to Audio Clips	132
Download/Watch Video	127
Financial Information/Services	121
Games	105
Internet Yellow Pages	138
Job/Employment Search	108
Listen to Radio	147
Local/Community Events	133
Movie Listings	148
News	131
Pay Bills	125
Radio Station Site	135
Real Estate Listings	115
Travel Reservations (Airline, Hotel, Auto)	112
Weather	131

# Alternative

## Active Online, Employed and Affluent

A mainstream format in the rock genre, Alternative held steady with a 2.1% share of the national radio audience in Spring 2007 compared to 2006. The format shared some of the same artists with Active Rock, which targeted a slightly younger rock listenership. More than 15 million people tuned in to one or more of the 315 Alternative stations each week; there were also 152 more older-skewing Adult Album Alternative outlets.

Nearly two-thirds of Alternative listeners were men—fifth-highest of all formats in this study. About two-thirds were under 35 years old. Its 18-24 composition was in second-highest, was third most in the 25-34 demo and was fourth-strongest in its Teen segment. Despite its youthful appeal, the percentage of listeners between 35-54 grew from 26% to 30% between Spring 2005 and 2007.

Note: Single-week data may not add to 100%  
Source: radio listenership are from Arbitron; data come from  
Arbitron's National Radio Audience base, Spring 2007



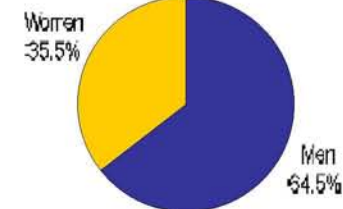
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
3.3%	3.1%	3.1%	2.4%	2.1%	2.1%

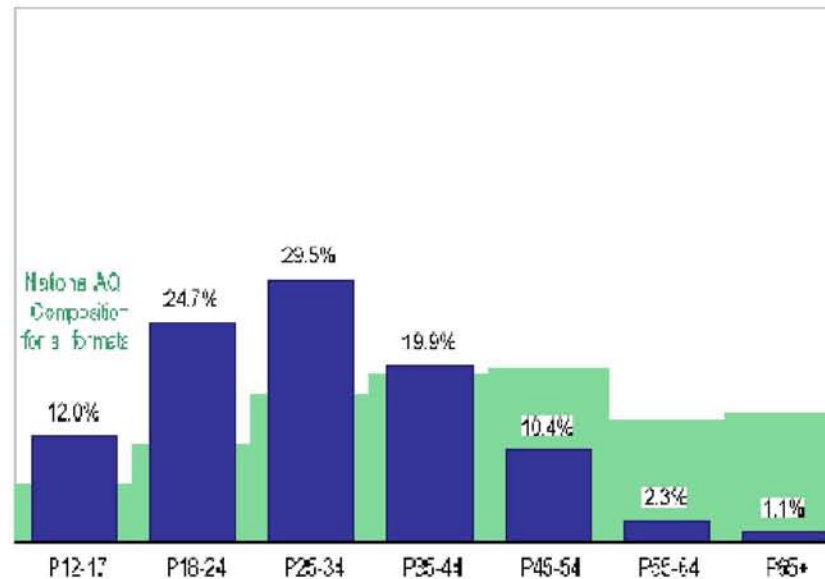
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



continued

# Alternative

## A Nighttime Radio Winner

With 44% of listening done in car, Alternative ranked third-highest of all formats in the percentage of its listening that was done on the road. That in-car percentage was at a six-year peak, while Alternative's at-home's share declined five straight years and the format's at-work tune-in share was at a six-year low.

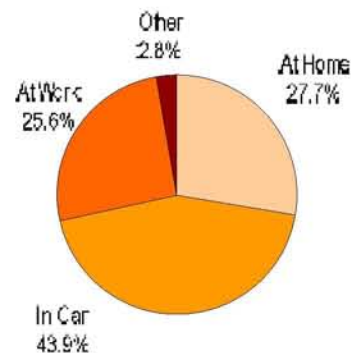
Evenings were strongest for Alternative radio stations, when the format's 2.5% share outperformed its 2.1% 12+ average share by a .19% margin. Ratings were steady between Spring 2006 and 2007 except for a small decline in mornings.

The New England, West South Central and the Middle Atlantic regions showed ratings growth between Spring 2006 and 2007, and though Alternative ranked 15th overall nationally, it was the ninth-most-popular format in the Pacific region.

Note: Share rounded; this may not add to 100

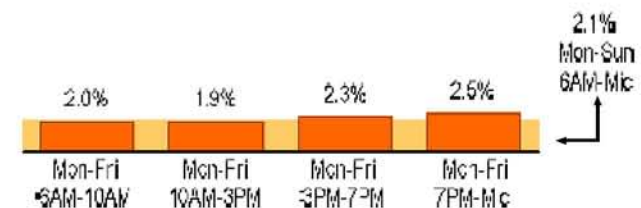
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

2.1% - National Average

Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued



# Alternative

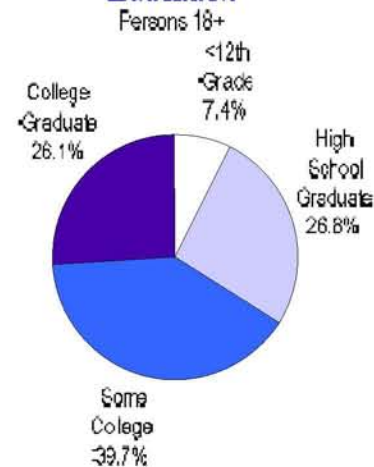
## Top Alternative Songs of 2007

Paralyzer <i>Finger Eleven</i>
What I've Done <i>Linkin Park</i>
Forever <i>Foxy Pixon</i>
Face Down <i>Red Jumpsuit Apparatus</i>
Breath <i>Breaching Benjamin</i>
Pein <i>Three Days Grace</i>
Snow (Hey Oh) <i>Red Hot Chili Peppers</i>
Icky Thump <i>White Stripes</i>
From Yesterday <i>30 Seconds to Mars</i>
Dig <i>Incubus</i>

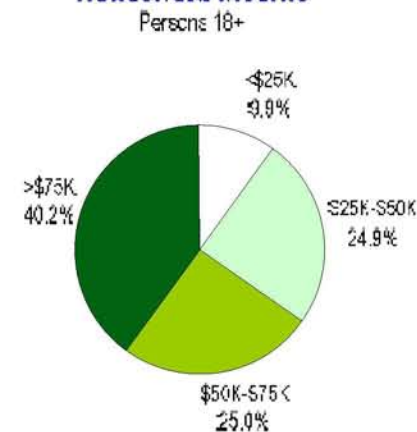
Source: Mediabase, 2007

Note: Songs recorded into the main chart by 100  
Source: Mediabase. Songs are from Alternative. Songs come from  
Mediabase's Plus Station and Regional lists base, Spring 2007

## Education

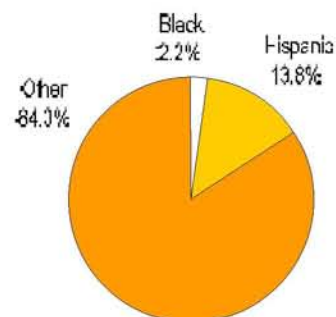


## Household Income



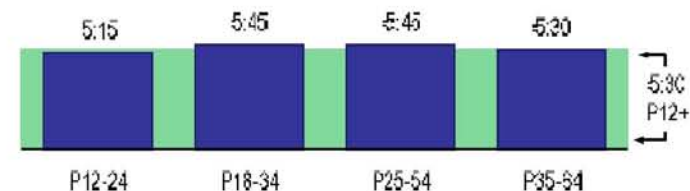
## Ethnic Composition<sup>†</sup>

AQH Persons  
† Only in DST Controlled Markets



## Time Spent Listening by Demographic

(Hours:Minutes)  
Mon-Sun, 6AM-11PM



continued

# Alternative

## Large Increase in \$75K+ HH Segment

More than 90% of Alternative listeners lived in households earning \$25,000 or more annually—fourth-best of all formats. Better than 40% were in the \$75,000+ category, which was fifth-highest. Significantly, that 40% figure was up from under 32% since Spring 2002—a growth rate of 27% that was second only to Country. Nearly two-thirds of Alternative listeners were in households generating \$50,000 or more.

Ranked No. 2 in full-time employment, Alternative listeners were among the most likely to buy expensive cars. As the No. 1 Internet users of any format, Alternative listeners indexed tops in most ways people surf the Web, including listening to radio. Ranking low as confirmed Democrats but No. 1 as Democrat-leaning Independents, they also indexed No. 1 in likelihood to buy a satellite radio service and PDAs, and ranked No. 2 for likelihood to purchase an MP3 player or wireless/cell service for the household.



This, Radio Today, is a survey conducted by Scarborough Research.  
Source: Forcastune are from Arbitron.  
Data come from Scarborough LSAR, Page 11, 2003.

## Family Status

Married	44%
Never Married (Single)	47%
No Children in Household	48%
At Least One Child in HH	52%
Two or More Children in HH	28%

## Own or Rent Residence

Own	66%
Rent	25%
Other	9%

## Employment Status

Employed 35 Hours or More	63%
Employed Less Than 35 Hours	20%
Not Employed	18%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	127
Digital Camera	135
DVD Player	121
DVR (TiVo®, etc.)	134
HDTV	115
MP3 Player (iPod®, Creative®, etc.)	170
PDA	168
Satellite Radio Subscription	217
Video Game System	152
Wireless/Cell Service for Other HH Member	145
Wireless/Cell Service for Self	127

## How Often Usually Vote in Local Elections

Always	74
Sometimes	118
Never	121

## How Often Usually Vote in Statewide Elections

Always	84
Sometimes	123
Never	109

## How Often Usually Vote in Presidential Elections

Always	94
Sometimes	120
Never	113

## Political Party Affiliation

Democrat	83
Republican	97
Independent	109
Independent, But Feel Closer to Democrat	136
Independent, But Feel Closer to Republican	115
None of These	104

## Time Spent on the Internet in Average Week

Less than 1 Hour	101
1-4 Hours	118
5-9 Hours	134
10-19 Hours	148
20 Hours or More	152

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	116
\$20,000-\$24,999	88
\$25,000-\$29,999	120
\$30,000-\$34,999	125
\$35,000-\$44,999	125
\$45,000 or More	179

## Ways Online Services Used Past 30 Days

Auction Site	142
Blog (Read or Contributed to)	186
Download Music/Listen to Audio Clips	191
Download/Watch Video	205
Financial Information/Services	134
Games	132
Internet Yellow Pages	159
Job/Employment Search	151
Listen to Radio	176
Local/Community Events	149
Movie Listings	180
News	149
Pay Bills	145
Radio Station Site	196
Real Estate Listings	142
Travel Reservations (Airline, Hotel, Auto)	131
Weather	140

# Talk/Personality

## Shifting Towards Older Men

After three years of steady growth, Talk/Personality slipped from 2.1% of the national radio audience to 1.8%. That decline appeared to benefit News/Talk/Information stations, which increased by the same margin. The 202 Talk/Personality stations reached more than 10.3 million listeners each week, who tuned in to hear many top national and respected local personalities.

Men comprised more than 63% of the audience, which is gradually edging older, as the composition of those 65+ rose from 20% to 23% between Spring 2006 and 2007—a larger one-year shift than any other demo in any format. That 65+ segment was also the third-highest by percentage of any format.



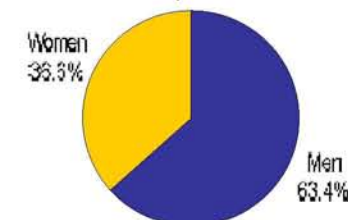
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
1.7%	1.7%	1.8%	1.9%	2.1%	1.8%

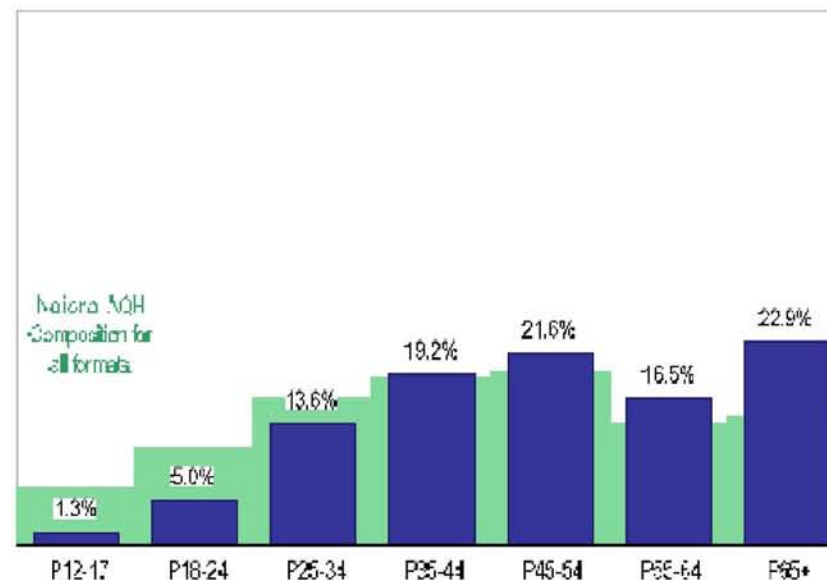
## Listeners 12+

Mon-Sun, 6AM-Mid



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



Note: All figures are preliminary and subject to change.  
Source: Arbitron's National Radio Audience Survey, Spring 2007.  
All figures are based on a national sample of 10,000 households.

continued ▶



# Talk/Personality

## A Big Wheel on the Road

Talk/Personality's in-car percentage of listening is sixth-highest of all formats and growing, as the vast majority of the format's listening occurred on the road or at home.

While ratings were down in all weekday dayparts, afternoons slipped the most, falling from a 2006 spike of 2.7%—which drove that year's ratings increase—back to 2.2% of all listening and close to its Spring 2005 numbers.

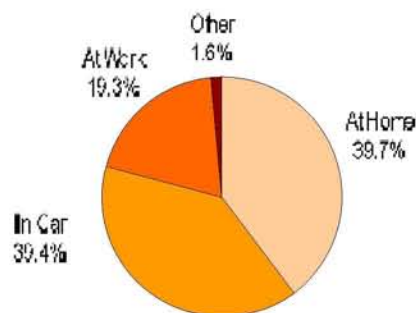
Talk/Personality was a top 10 format in New England, and by share was the format's top territory. By rank, the Pacific led all regions, ranking eighth. Talk/Personality enjoyed ratings growth in New England, West North Central and Mountain areas in Spring 2007.

The East North Central was Talk/Personality's most prolific region in total stations.

Source: Arbitron weekly, 2007, May/June/July 2007

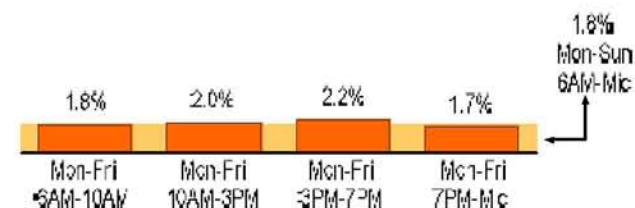
## AQH Share of Listening by Location

Persons 12+, Mon-Sun, 6AM-Mid



## AQH Share of Listening by Daypart

Persons 12+



## Audience Share by Region

1.8% - National Average

Persons 12+, Mon Sun, 6AM Mid, AQH Share



continued

# Talk/Personality

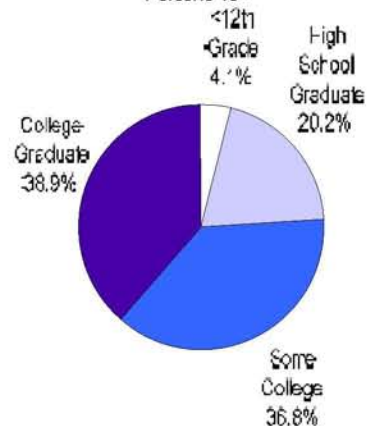
## Stations Whose Listeners Have Educations

Among radio's most well-educated listeners, Talk/Personality consumers ranked among the top four of all formats in percentage of listeners who were college graduates, attended or graduated from college and held a high school diploma.

Nearly 46% of Talk/Personality listeners lived in households earning \$75,000 or more per year; that's second-best of all formats. More than 90% lived in households earning \$25,000 or more annually; that's third-best.

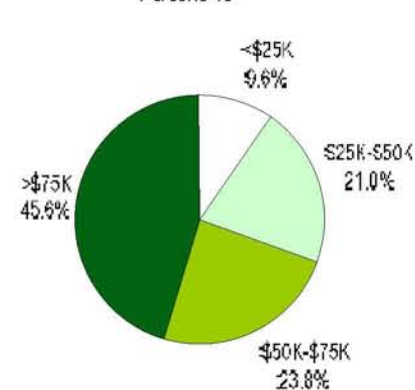
## Education

Persons 18+



## Household Income

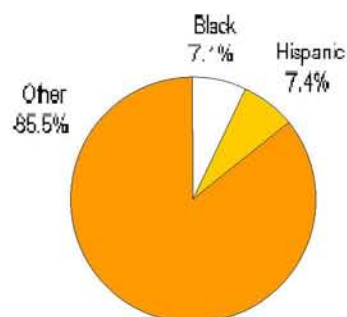
Persons 18+



## Ethnic Composition<sup>†</sup>

AQH Persons

<sup>†</sup> Only in DST Controlled Markets



## Time Spent Listening by Demographic

(Hours:Minutes)

Mon-Sun, 6AM-11P

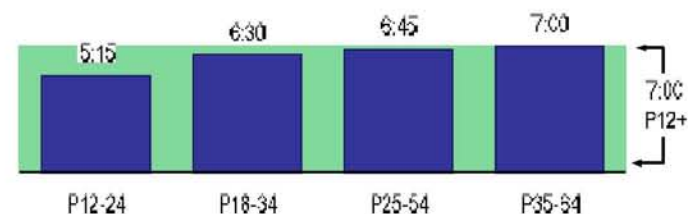


Table: Single roundings; totals may not add to 100.  
Source: Arbitron. Data are from a survey of listeners.  
Methodology: See Arbitron's website for details. Spring 2007.

continued

# Talk/Personality

## Politically Motivated, Internet-Ready

Talk/Personality listeners were among the most active voters in Presidential elections. They were very involved online, indexing No. 2 among all formats for spending 20 or more hours per week surfing the Web. They also indexed among the leaders and far above average in visiting radio station sites, checking real estate, auctions, financial info, Yellow Pages, local events and news. They were among the most likely to buy a new car in the next 12 months in mid-to-high price points.



This Scarborough study, titled "Talk/Personality 100",  
Source: For more details see the full report.  
Data come from Scarborough LSAR, November 1, 2007.

## Family Status

Married	64%
Never Married (Single)	22%
No Children in Household	60%
At Least One Child in HH	40%
Two or More Children in HH	24%

## Own or Rent Residence

Own	79%
Rent	18%
Other	3%

## Employment Status

Employed 35 Hours or More	60%
Employed Less Than 35 Hours	14%
Not Employed	26%

## Household Gadgets Planned to Buy in Next 12 Months

	Index
Computer	103
Digital Camera	109
DVD Player	100
DVR (TiVo <sup>®</sup> , etc)	114
HDTV	129
MP3 Player (iPod <sup>®</sup> , Creative <sup>®</sup> , etc.)	99
PDA	149
Satellite Radio Subscription	117
Video Game System	103
Wireless/Cell Service for Other HH Member	98
Wireless/Cell Service for Self	83

## How Often Usually Vote in Local Elections

Always	110
Sometimes	112
Never	73

## How Often Usually Vote in Statewide Elections

Always	117
Sometimes	101
Never	67

## How Often Usually Vote in Presidential Elections

Always	113
Sometimes	80
Never	64

## Political Party Affiliation

Democrat	93
Republican	110
Independent	104
Independent, But Feel Closer to Democrat	119
Independent, But Feel Closer to Republican	123
None of These	74

## Time Spent on the Internet in Average Week

Less than 1 Hour	98
1-4 Hours	114
5-9 Hours	132
10-19 Hours	136
20 Hours or More	132

## Amount Household Plans to Pay for New Vehicle Next 12 Months (HH)

\$15,000-\$19,999	95
\$20,000-\$24,999	122
\$25,000-\$29,999	109
\$30,000-\$34,999	138
\$35,000-\$44,999	125
\$45,000 or More	162

## Ways Online Services Used Past 30 Days

Auction Site	138
Blog (Read or Contributed to)	147
Download Music/ Listen to Audio Clips	120
Download/Watch Video	138
Financial Information/Services	138
Games	120
Internet Yellow Pages	147
Job/Employment Search	112
Listen to Radio	138
Local/Community Events	144
Movie Listings	138
News	141
Pay Bills	125
Radio Station Site	165
Real Estate Listings	158
Travel Reservations (Airline, Hotel, Auto)	137
Weather	130

## Additional Noteworthy Formats

The following pages provide an overview of six additional formats:

- Album Oriented Rock (AOR)
- Adult Hits
- Classical
- Active Rock
- New AC/Smooth Jazz
- Spanish Contemporary

**Spanish Contemporary** and **Spanish Adult Contemporary** a 1.5% and 2.1% share of radio listening nationally; collectively, the 968 stations in these formats accounted for 11.3% of radio listening.

While *Radio Today* focuses on the primary radio formats, the significant legacy value and/or specific market impact of these six formats warranted their inclusion in this report.

Excluding the Scarborough listener characteristics, you'll find much of the same useful information on weekly reach, target audience, audience composition, ethnic balance, time spent listening, education and household income, as shown with the primary formats.



# Album Oriented Rock (AOR)

## Strong Household Income Growth

Album Oriented Rock featured current hits by both newer and established rock artists, including certain acts whose older material played on Classic Rock stations.

AOR's 174 stations served 12.7 million listeners weekly, posting 2.1% of all radio listening, up from 2.0% in Spring 2006. Its ratings were up in all dayparts, including mornings, where it performed best.

Almost 75% of AOR's audience was men—third-most of all formats. More than half were 25-44. AOR's 25-44, 35-44 and at-work audience compositions were among the highest of all formats. AOR consumers were older than Active Rock and Alternative listeners, but younger than Classic Rock's audience.

AOR ranked seventh in the Middle Atlantic region and 10th in New England and West North Central.

The segment of AOR listeners in households earning \$75,000 annually climbed from 30% to 35% since Spring 2006—a 17% jump tops of all formats.

This, except weekly, totals may add to 100.  
Source: Forcible numbers are from Arbitron. Data come from  
Arbitron's Plus National Regional Data base, Spring 2007.

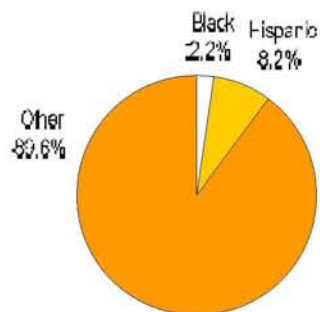
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
2.8%	2.4%	2.2%	2.0%	2.0%	2.1%

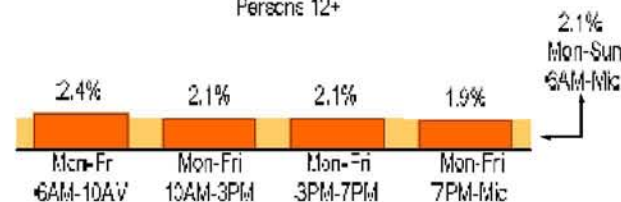
## Ethnic Composition\*

AQH Persons  
\* Only in CBS-Controlled Markets



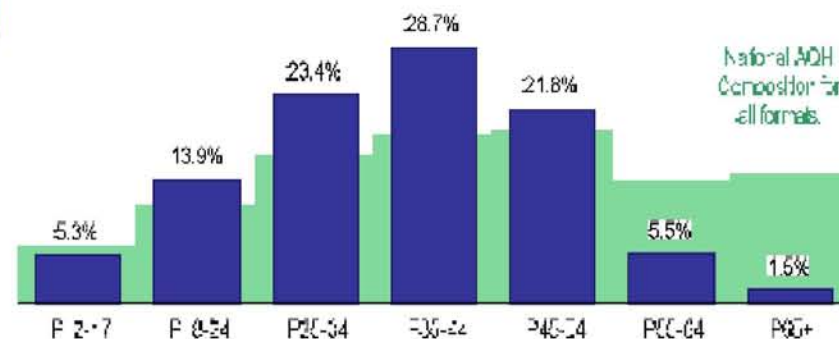
## AQH Share of Listening by Daypart

Persons 12+



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid





# Adult Hits

## The At-Work Workhorse

Since its debut in 2004, Adult Hits, popularly known as the "Jack" format (or by other names), was heard on 172 stations (up from 144 in 2006) reaching more than 14.5 million listeners per week. The format attracted 2.0% of the national radio audience, up from 1.9% in Spring 2006.

Adult Hits' audience was 53% Men/47% Women. Roughly half were between 25-44 years old; another half were between 35-54. Adult Hits registered its top ratings in the Mountain region, ranking eighth. More than 40% of its listening occurred at work—most of all formats—and middays and afternoons were when its ratings were highest. Time spent listening, down incrementally overall from 2006 to 2007, increased among 12-24s.

More than 70% of Adult Hits listeners attended or graduated from college. Two-thirds lived in households earning \$50,000 or more annually, and nearly 40% are in the \$75,000+ category.

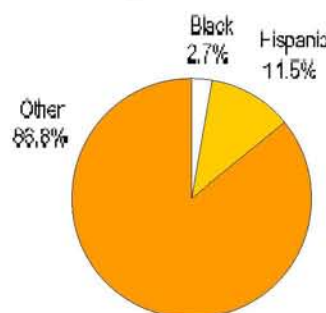
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP05	SP06	SP07
1.3%	1.9%	2.0%

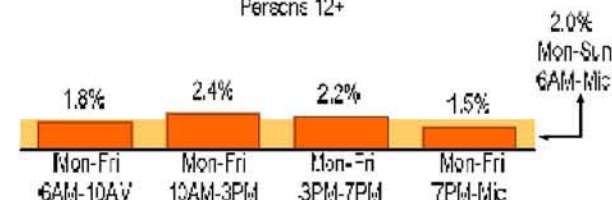
## Ethnic Composition\*

AQH Persons  
\* Only in DST-Controlled Markets



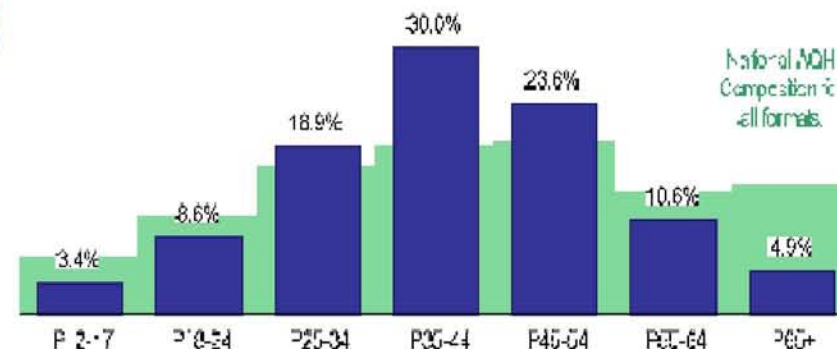
## AQH Share of Listening by Daypart

Persons 12+



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



Note: Due to rounding, totals may not add to 100%.  
Source: For radio share are from Arbitron. Data come from  
Arbitron's Plus National Regional Database, Spring 2007.

# Classical

## Radio's "Smart" Choice

There were 275 Classical stations in America, with the most being in California, Ohio, Minnesota and Pennsylvania. Classical appealed to 11.2 million listeners each week and accounted for 2.0% of all radio listening, down slightly from 2.1% in Spring 2006. Ratings were highest at night, when the format outperformed its 12+ average.

Classical leaned towards Women. More than 65% of its audience was 55 or older—the highest percentage of any format—and the format ranked No. 5 with adults 65+. While time spent listening remained steady in all adult demos, Classical widened its lead on all formats in its percentage of at-home listening, and remained lowest for at-work time-in.

Classical listeners were by far radio's most well-educated, with 63% holding degrees and 88% having attended college. They ranked No. 3 in the proportion of listeners in households earning \$75,000 or more annually.

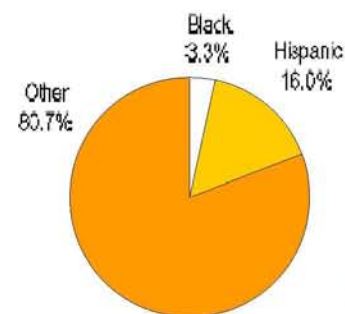
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
2.3%	2.3%	2.2%	2.1%	2.1%	2.0%

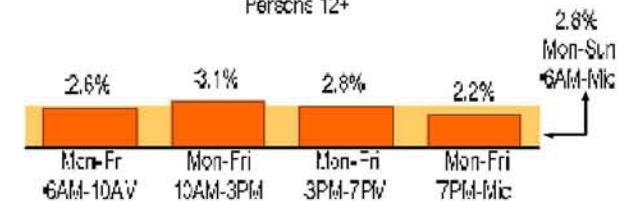
## Ethnic Composition\*

AQH Persons  
\* Only in DST-Controlled Markets



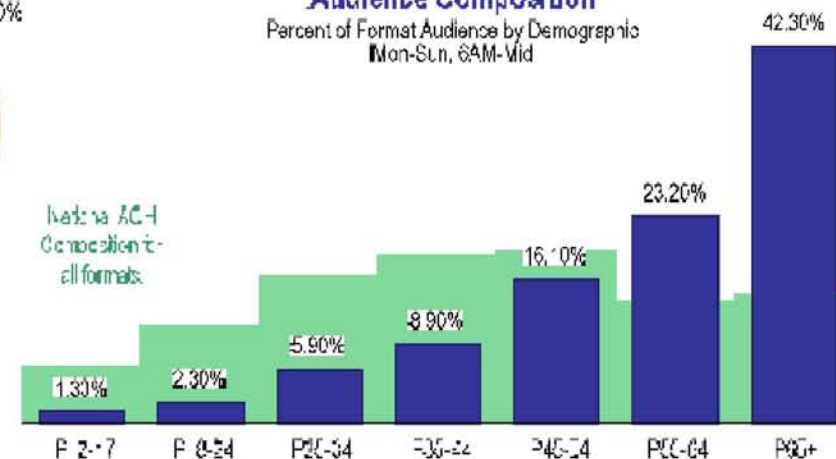
## AQH Share of Listening by Daypart

Persons 12+



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



Note: Single-week data may not add to 100%  
Source: RadioListeners are from Arbitron. Data come from:  
Arbitron's RadioListeners and Nielsen's base, Spring 2007

continued →

# Active Rock

## A Favorite Among Men

Featuring contemporary rock artists, Active Rock was broadcast by 149 stations, reaching 11.6 million consumers each week. The format held steady at a 1.9% share of all listening between Spring 2006 and 2007.

Nearly three-quarters of Active Rock listeners were Men, a higher proportion than any other music format. More than 30% of the audience was between 25-34 years old, the highest concentration in that demo of all English language formats. More than 63% of Active Rock listeners were under 35 years old.

More than 40% of Active Rock listening took place in-car—fifth-most of all formats. Better than half of its listeners attended college or earned a degree, and more than 56% lived in households earning \$50,000 or more annually.

Active Rock ranked sixth highest in time spent listening among 12-24s and 18-34s. The West North Central was the strongest region for Active Rock, where it ranked eighth.

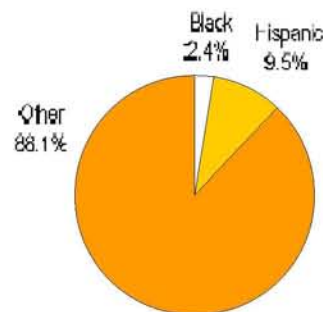
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
1.9%	1.9%	2.0%	2.3%	1.9%	1.9%

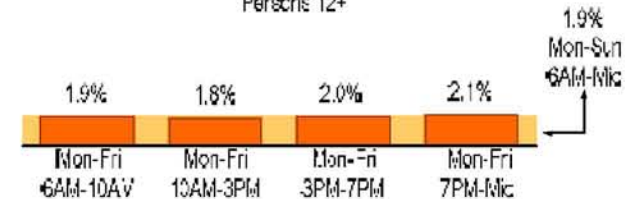
## Ethnic Composition\*

AQH Persons  
\* Only in DST-Controlled Markets



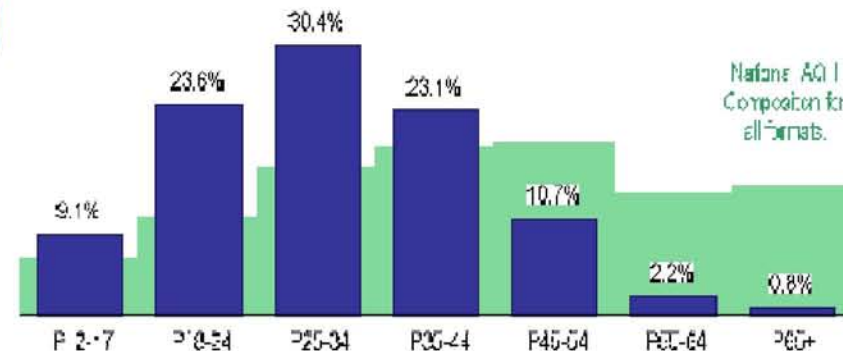
## AQH Share of Listening by Daypart

Persons 12+



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



This document is for informational purposes only. All data is based on the Nielsen Audio 2007-2008 survey. Source: For more information, visit [www.nielsen.com](http://www.nielsen.com). Data comes from the Nielsen Audio 2007-2008 survey. Copyright 2008.

# New AC/Smooth Jazz

## Consistent Appeal With Older Adults

Almost 10 million listeners enjoyed New AC/Smooth's Jazz's sophisticated blend of vocals and instrumentals that appealed to both jazz and pop fans. In the three Spring ratings periods from 2005 through 2007, the format's 72 stations combined to score a steady 1.8% share of all radio listening.

New AC/Smooth Jazz listeners leaned 53% Women/47% Men, and were primarily at least 45 years old, making up 73% of all listeners. The format's 55+ segment grew from 34% to 45% since 2002, and African-Americans and Hispanics comprised half of all listeners.

Strongest in the Pacific region, ratings were highest in middays and evenings – a unique daypart listening pattern. New AC/Smooth Jazz enjoyed the seventh-highest time spent listening of all formats.

Nearly 74% of New AC/Smooth Jazz listeners had college experience or a degree – fifth-best of all formats. Better than 58% lived in households earning \$50,000 or more annually.

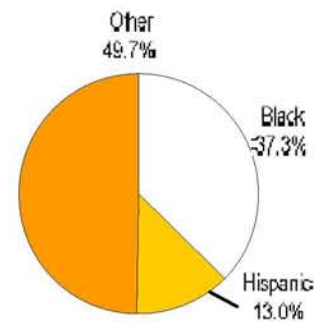
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
1.9%	2.0%	1.8%	1.8%	1.8%	1.8%

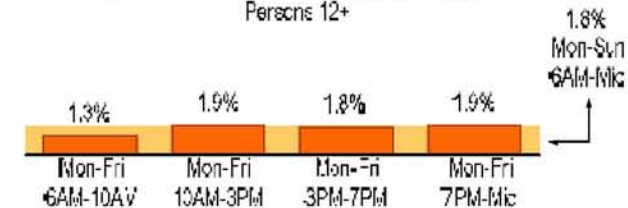
## Ethnic Composition\*

AQH Persons  
\* Only in DST-Controlled Markets



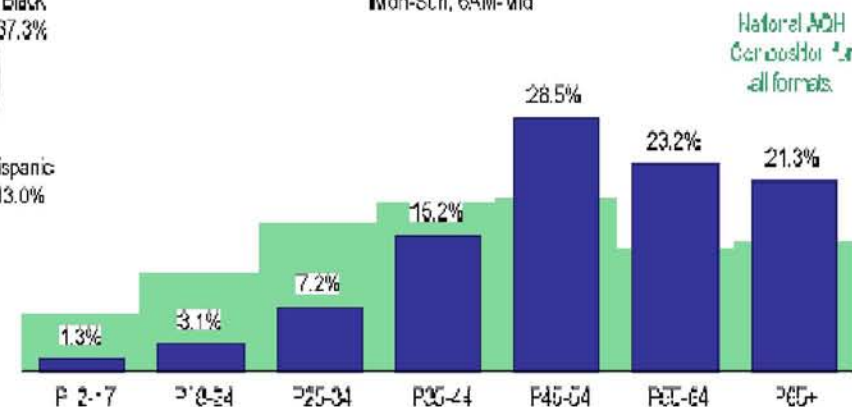
## AQH Share of Listening by Daypart

Persons 12+



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



This document is for informational purposes only. All data is based on the 2007-2008 Arbitron survey. Source: For all figures are from Arbitron. Data come from the 2007-2008 Arbitron survey. Copyright 2008 Arbitron Inc.



# Spanish Contemporary

## A Regional TSL Powerhouse

The 126 Spanish Contemporary stations in America contributed 1.5% of all radio listening each week, serving more than 7 million people, most of whom were Hispanics. Nearly half of these broadcasters were found in three states: California and Texas (21 each), along with Florida (11). Spanish Contemporary's highest ratings were in the Pacific region, where the format ranked ninth.

The format leaned 59% Women/41% Men, and at home listening comprised nearly half of Spanish Contemporary tune-in. Most of the audience (84%) was under 55 years old, though those 45+ rose from 25% to 30% since 2005.

Time spent listening was strong: it ranked fourth-highest overall, and was also fourth among 12-24s, 18-34s, 25-54s and 35-64s. The percentage of Spanish Contemporary listeners with a high school diploma improved from 69% to 72% between 2006 and 2007, and 60% percent of the audience lived in households earning \$25,000 a year or more.

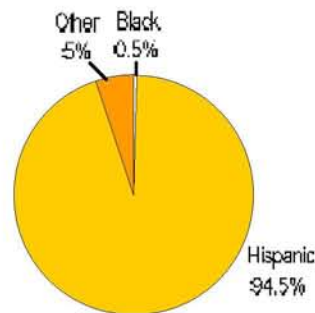
## AQH Share Trend

Persons 12+ Mon-Sun, 6AM-Mid

SP02	SP03	SP04	SP05	SP06	SP07
1.7	1.6%	1.6%	1.9%	1.9%	1.5%

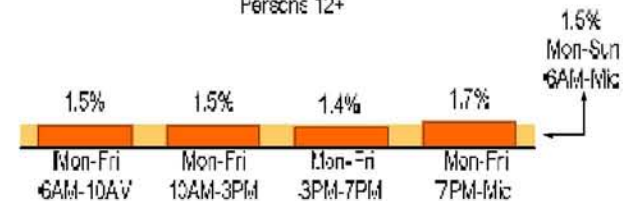
## Ethnic Composition\*

AQH Persons  
\* Only in DST-Controlled Markets



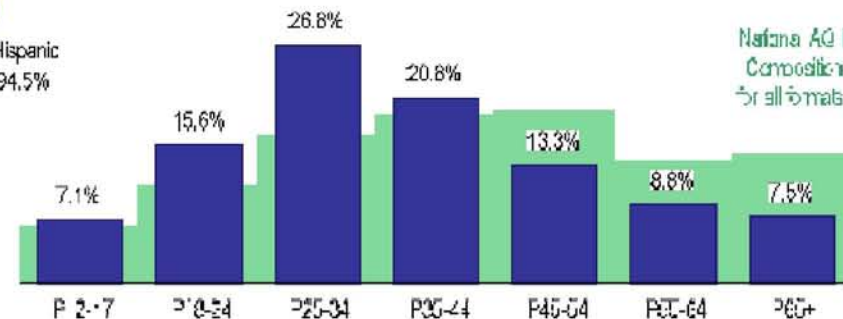
## AQH Share of Listening by Daypart

Persons 12+



## Audience Composition

Percent of Format Audience by Demographic  
Mon-Sun, 6AM-Mid



This document is the property of Arbitron Inc. Source: Formatted data are from Arbitron. Data come from Arbitron's Plus National Regional Database, Spring 2007.



# National Radio Listening Trends

This section details radio listening patterns on an hour-by-hour basis and according to listening location. You'll see that radio reaches vast segments of the American public, regardless of their age or gender, location of listening or time of day.

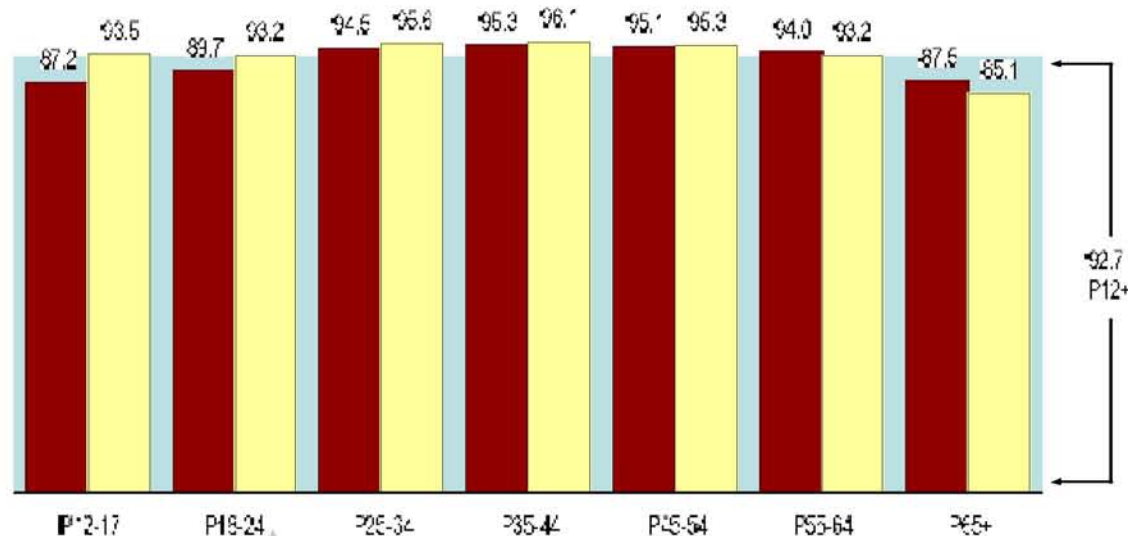
# Radio Reaches All Ages

These figures testify to radio's remarkable ability to attract listeners in every demographic group, and Radio's Cume rating has been consistently strong for the decade between Spring '99 and 2007, declining less than 3%, and just 0.1% in the three years from Spring 2005 to 2007.

Among Men, nearly all of the decline occurred among Teen boys and 18-24 Men, with whom the decline was 6% over the 10-year span. Meanwhile, radio's Cume rating among Men 25-34, 35-44, 45-54 and 55-64 increased in Spring 2007 to their best numbers in three or more years.

Among Women, the erosion was less, with the Cume rating among Teen girls and Women 18-24 down only 4% during the decade, and 2% among Women 25-34. The Cume rating with Women 35-44 was its highest since Spring 2004, and reach among Women 45+ has remained virtually unchanged for years.

Weekly Cume Rating



## How to Read:

These figures represent "weekly Cume ratings." For example, slightly more than 93% of 18-24 Women in the U.S. tune into the radio at least once during an average week, between the hours of 5AM-Midnight, Monday through Sunday. The blue/green background represents the average of all Americans, at least 12 years old, who listen to the radio at least once during the week. You can then see how radio reaches various demographic groups compared to the national average.

Source: Arbitron's Post-Midnight Figures Release, Spring 2007, Jan-Mar, 6 A.M.

continued ▶

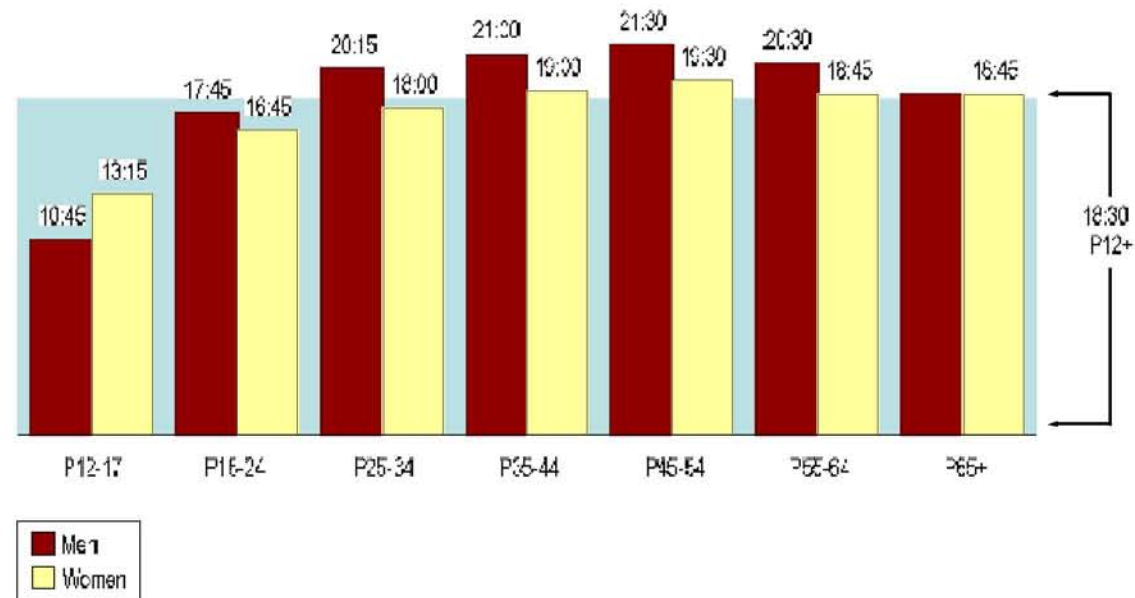
# Radio Reaches All Ages

The myriad of today's entertainment and information options—from MP3 players to streaming video, audio, cable programming, satellite offerings, video games, television, DVDs, mobile and more—have compressed time spent with a variety of media, and radio is no exception.

The decline of time spent listening has been highest among Teen boys and Men 18-24, with listening time down 19% between Spring 1997 and 2007, while TSL among Teen girls and Women 18-24 was between 23% and 24%. Among Men at least 25 years old, the erosion was between 7% and 16%, while among Women 25+, TSL slipped between 10% and 19% during that decade.

Though overall TSL fell 30 minutes per week between Spring 2006 and 2007, the erosion is only 75 minutes per week since Spring 2002. Consumers still tune in to one or more radio stations more than 2.6 hours per day—18.5 hours per week.

**Time Spent Listening**  
Hours:Minutes per Week



Source: Arbitron's Portable Audio Research Division  
Spring 2007, Jan-Mar, 6-10 AM

# Hour-by-Hour Listening

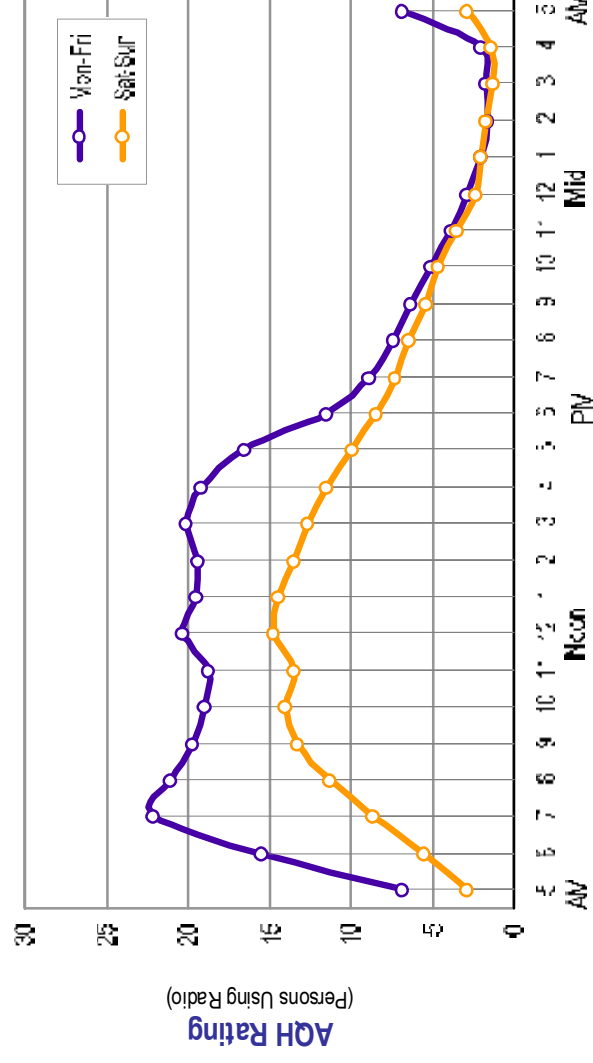
This chart illustrates a long-standing pattern in which radio listening peaked during the 7AM hour. However, listening remained strong throughout the morning, rose during the lunch hour and at the start of the afternoon commute before declining as people get home from work and shift to evening activities. However, even as late as the 10PM hour, more than five percent of all Persons 12+ were listening to the radio.

Radio's average quarter-hour rating increased slightly between Spring 2006 and 2007 between 1AM and 6AM during weekdays, and between 4AM and 6AM on weekends.

Weekend listening peaked in the noon hour, and without morning/afternoon commute schedules, reflected much more gradual listening shifts throughout the day. In Spring 2007, weekend ratings overall remained 62% as high as weekday listening, and were 88% as high as weekdays between 7PM and 5AM, though both figures were down slightly from Spring 2006.

Source: Arbitron's Plus Radio and TV Data by Age, Sex, and Race, 2007-2008, 6 AM-11 PM.

Hour-by-Hour Listening: AQH Rating



# Where People Listen: Weekdays

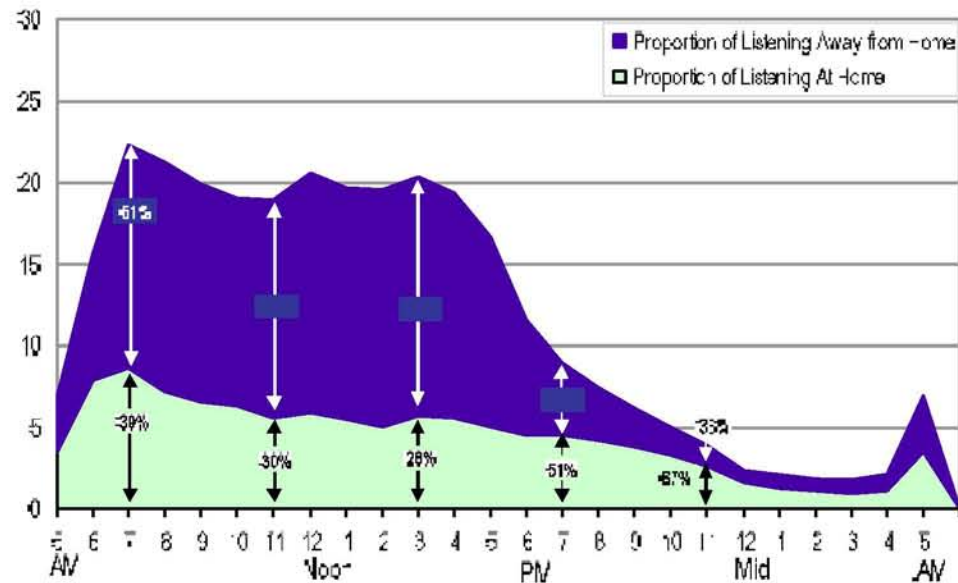
From 7AM to 7PM weekdays, more radio listening took place away from home—accompanying listeners in the car, at work or some other location. Radio's advantage as the on-the-go medium was its ability to reach people wherever they were, which was particularly valuable to advertisers seeking to drive traffic to business locations during the daytime hours. Overall, more than 63% of weekday listening occurred out-of-home; that figure peaked at 74% in the 2PM hour.

During weekdays between Spring 2006 and 2007, away-from-home's quarter-hour ratings eased slightly from 7AM to 7PM, while at-home declined modestly for varying periods in all dayparts. However, radio's quarter-hour ratings increased both at home and particularly away from home in most overnight hours, giving away-from-home's share a 4% to 6% boost during that time. Away-from-home listening also grew from 5AM to 7AM—matching at-home's ratings. Otherwise, the hour-by-hour ratio was virtually unchanged between 2006 and 2007.

Source: Arbitron's People Meter Regions Database, Spring 2006, Mon-Fri, 5AM-4AM.

## Weekday Listening, AQH Rating

Percent of Persons Using Radio  
Mon-Fri, 5AM-4AM



### How to Read:

The graphs on this page and the next indicate how listening location makes up radio listening during the course of a typical weekday and weekend day. For example, during the noon hour on this graph, about 21% of the 12+ population listened to the radio for at least five minutes. Of those who have listened, more than two thirds were listening away from home.



# Where People Listen: Weekends

Radio's audience on the weekend was about 37% lower as during the week, as so many people had the weekend off and aren't commuting. Though consumers were out and about on weekends, of course, 51% of listening on Saturday and Sunday took place at home, up from 37% during the workweek. Between 12 noon and 6PM, away-from-home edged ahead. During the week, overall radio listening peaked in the 3PM hour, whereas on the weekends it was the noon hour.

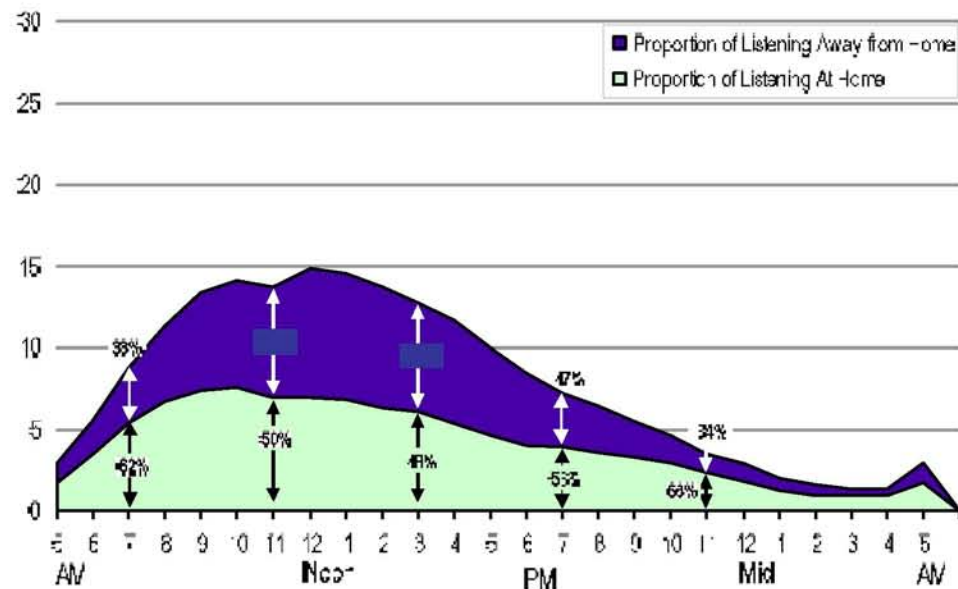
Radio's average away-from-home ratings were twice as high during the week as on weekends, while the average at home ratings were slightly higher during weekdays as on weekends. Ratings away-from-home were generally up from 5AM-12 noon, while at home ratings slipped slightly from 6AM to 2AM, but gained between 3AM and 5AM.

Weekend radio offered some of radio's most popular programming including music countdown shows, sports play-by-play and public radio favorites such as *Prairie Home Companion*.

Source: Arbitron's Post-Modern Regions Database, Spring 2007, Sat-Sun, 5AM-4AM

## Weekend Listening, AQH Rating

Percent of Persons Using Radio  
Sat-Sun, 5AM-4AM



# Where Men and Women Listen

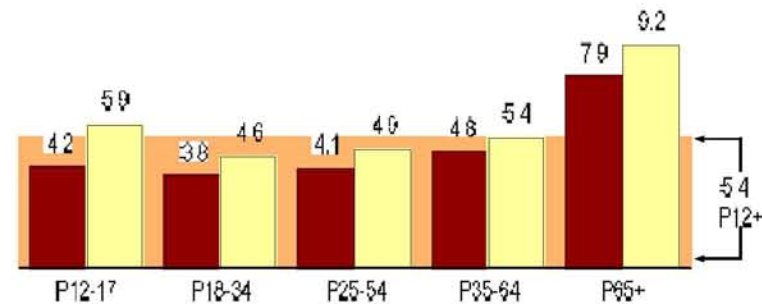
Overall, figures remained fairly stable between 2002 and 2007. It declined only 7% at home, primarily among Teen boys and girls, down 20% to 21%. Men 65+ were off 6%, while Men and Women 18-34 slipped 5% and 8%, respectively. Men and Women 25-54 eroded just 2% and 4%, respectively, though ratings with Women here have held firm the past three years. While Men 36-64 were actually up 2%, Women 35-64 declined 7%.

Away-from-home ratings fell only 3% between 2002 and 2007. While Teen listening remained virtually unchanged, adults 18-34 were down 6% with Men and 11% with Women. Men and Women 25-54 slipped 6% and 5%, respectively. Men 35-64 were off 3%; ratings for Women 35-64 remained stable.

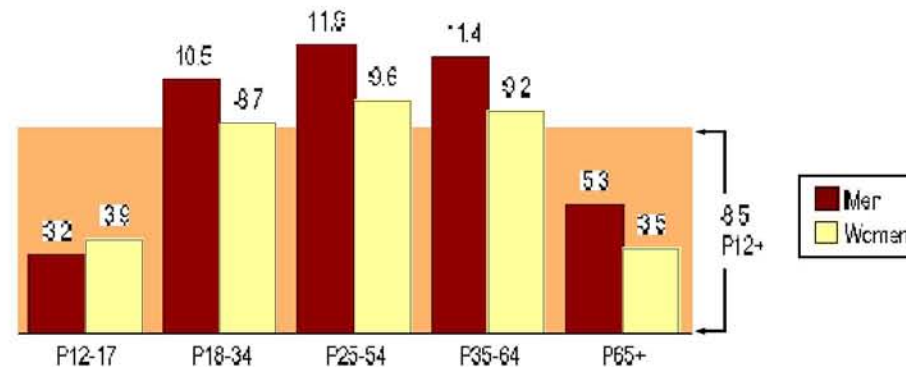
Notably, away-from-home AQH ratings among Adults 65+ have consistently gained or held steady each of those years, with AQH ratings among Men up 10% and among Women 17% above the 2002 mark.

Source: Arbitron's People Meter. Figures are based on a survey of 2007, Jan. 20 - Feb. 6, 2008.

**At-Home Listening for Men and Women**  
Total Week, AQH Rating



**Away-from-Home Listening for Men and Women**  
Total Week, AQH Rating



# Listening Location

Most radio listening took place out of home except during evenings, and this chart shows how the distribution of radio listening logically moves around throughout the day: at home and in car led in mornings, at work dominated in middays, in car took over in afternoons and at home won again in the evenings.

For several years the story has been the consistently growing proportion of in-car tune in. Between Spring 2002 and 2007, in-car listening share rose at a rate of 9% in mornings and middays, 6% in afternoons and weekends, and 7% in evenings. At work's segment fell at a rate of 4% in mornings, 9% in middays and evenings, 11% in afternoons and 8% on weekends. At-home was down 6% in mornings, up 4% in middays, unchanged in afternoons, down 2% in evenings and off 3% on weekends.

These figures reflect the reality of American workers' gradually longer commutes, increasing media options and more mobile lifestyles.

Source: Arbitron's Portable People Meter<sup>TM</sup> data, Spring 2007

**Distribution of AQH Radio Listeners  
by Listening Location**  
Persons 12+

	At Home	At Work	In Car	Other
Mon-Sun, 6AM-Mid	38.9%	35.5%	23.0%	2.6%
Mon-Fri, 6AM-10AM	38.1%	37.6%	23.0%	1.3%
Mon-Fri, 10AM-3PM	29.0%	30.2%	38.6%	2.2%
Mon-Fri, 3PM-7PM	30.8%	45.1%	21.7%	2.4%
Mon-Fri, 7PM-Mid	58.3%	28.0%	10.1%	3.6%
Weekend, 10AM-7PM	48.0%	37.9%	9.6%	4.4%

## Fast Fact:

It's well known that radio is the only mass medium that easily adapts to a lot of key listening locations. But exactly what is "other" as a listening location? If you're listening to the radio at a friend's house, while at the beach or park, while working out at the gym or in a doctor's waiting room, you're in an "other" location. The new Portable People Meter<sup>TM</sup> measurement tool will also credit listening to radio stations that people hear in restaurants, stores and businesses even if their attention is not directly focused on the station. It should be noted that "at-work" listening, while frequently thought of as "office" listening, can encompass many other work locations such as a vehicle (if you happen to drive for a living), a retail outlet, a factory or a construction site.

# Listening by Daypart

As this chart shows, radio continued to be a part of nearly everyone's lives each week. In general, a higher percentage of Women than Men listened to radio (particularly with the 12-24 demo groups) except among the 55+ age groups, where Men took the lead.

Between Spring 2002 and 2007, the percentage of those listening to radio at least once per week increased in middays among most demos, among Men 45+ throughout the day and especially with Men 55+, reaching six-year highs in most dayparts. Weekly reach decreased among Men 18-44 and Teen boys, the latter dipping below the 50% threshold in weekday evenings for the first time.

During that same period, Cume ratings for Women 45+ were level or up overall and in all dayparts, particularly in evenings, when Women 45-64 posted six-year highs. The largest decline was among Teen girls in evenings, off at a 12% rate.

Source: Arbitron's *Radio Today* Regional Database, Spring 2007

## Listening by Daypart

Mon-Sun, 6AM-Wk  
•Cume Ratings

		Mon-Fri					
P12-17	M	59.4	43.1	65.1	49.4	63.7	87.2
	W	70.8	54.2	77.0	62.2	75.6	93.5
P18-24	M	66.6	63.9	72.3	53.6	67.7	89.7
	W	72.2	75.3	79.3	59.8	75.0	93.2
P25-34	M	79.6	71.3	80.4	49.2	70.9	94.5
	W	81.1	73.8	82.7	43.7	75.6	95.6
P35-44	M	82.2	71.9	81.9	46.7	72.6	95.3
	W	84.2	77.6	82.6	47.5	76.7	96.1
P45-54	M	81.8	72.5	81.6	45.8	75.0	95.1
	W	82.9	74.7	81.6	45.9	73.0	95.3
P55-64	M	80.1	75.0	79.6	43.3	75.4	94.0
	W	78.4	75.6	73.2	42.3	75.7	93.2
P65+	M	71.4	75.5	65.2	36.7	71.7	87.5
	W	68.2	73.2	61.2	34.7	70.3	85.1



# Radio Formats Ranked by Audience Share by Region

## AQH Share by Format

### New England

News/Talk/Information	13.4
Adult Contemporary	11.9
Country	10.0
Pop Contemporary Hit Radio	7.2
Classic Hits	5.7
Rhythmic Contemporary Hit Radio	5.4
Hot Adult Contemporary	5.1
All Sports	4.1
Classic Rock	4.0
Album Oriented Rock (AOR)	3.8
Talk/Personality	3.8
Classical	2.9
Oldies	2.9
Alternative	2.7
Active Rock	2.6
Adult Hits	2.4
Contemporary Christian	0.3
Urban Adult Contemporary	0.3
New AC/Smooth Jazz	0.1
Spanish Contemporary	0.1
Mexican Regional	0.0
Urban Contemporary	0.0

### Middle Atlantic

Adult Contemporary	12.1
News/Talk/Information	9.9
Country	7.1
Pop Contemporary Hit Radio	7.0
Urban Contemporary	5.4
Classic Rock	4.3
Album Oriented Rock (AOR)	4.0
Urban Adult Contemporary	3.8
Hot Adult Contemporary	3.2
Rhythmic Contemporary Hit Radio	3.1
All Sports	3.0
Classic Hits	2.6
Classical	2.5
Oldies	2.2
Adult Hits	2.1
New AC/Smooth Jazz	2.3
Spanish Contemporary	2.0
Talk/Personality	1.9
Alternative	1.4
Contemporary Christian	1.0
Active Rock	0.9
Mexican Regional	0.3

### South Atlantic

Country	13.5
News/Talk/Information	9.4
Adult Contemporary	7.6
Urban Adult Contemporary	7.3
Urban Contemporary	7.0
Pop Contemporary Hit Radio	5.5
Rhythmic Contemporary Hit Radio	3.7
Classic Hits	3.5
Classic Rock	3.0
Contemporary Christian	2.9
New AC/Smooth Jazz	2.2
Active Rock	2.1
Alternative	2.1
Hot Adult Contemporary	2.1
Classical	1.9
Oldies	1.8
Spanish Contemporary	1.8
All Sports	1.7
Mexican Regional	1.4
Talk/Personality	1.3
Adult Hits	1.0
Album Oriented Rock (AOR)	1.0



Source: Formulations are from Arbitron. Data come from  
Media Research National Regional Database, Spring 2007

(continued on next page)



# Radio Formats Ranked by Audience Share by Region

## AQH Share by Format

### East South Central

Country	23.9
Urban Adult Contemporary	7.0
Urban Contemporary	7.0
Adult Contemporary	6.9
Pop Contemporary Hit Radio	6.8
News/Talk/Information	6.2
Classic Rock	5.9
Contemporary Christian	2.6
Classic Hits	2.2
Hot Adult Contemporary	2.2
Oldies	2.2
Active Rock	1.7
Adult Hits	1.7
All Sports	1.7
Rhythmic Contemporary Hit Radio	1.7
Classical	1.5
Alternative	0.8
Talk/Personality	0.8
Album Oriented Rock (AOR)	0.6
Mexican Regional	0.2
New AC/Smooth Jazz	0.1
Spanish Contemporary	0.1

### West South Central

Country	15.4
News/Talk/Information	8.5
Mexican Regional	6.3
Rhythmic Contemporary Hit Radio	5.7
Adult Contemporary	5.6
Pop Contemporary Hit Radio	5.5
Classic Rock	4.8
Urban Adult Contemporary	4.0
Urban Contemporary	4.0
Oldies	2.7
Contemporary Christian	2.6
Hot Adult Contemporary	2.5
Alternative	2.4
Spanish Contemporary	2.1
All Sports	2.0
Adult Hits	1.8
Album Oriented Rock (AOR)	1.8
Classic Hits	1.8
Active Rock	1.2
Classical	1.2
Talk/Personality	0.9
New AC/Smooth Jazz	0.5

### East North Central

Country	14.0
News/Talk/Information	12.2
Adult Contemporary	5.9
Pop Contemporary Hit Radio	5.9
Classic Rock	4.9
Hot Adult Contemporary	4.4
Urban Adult Contemporary	4.4
Urban Contemporary	4.3
Oldies	4.0
Classic Hits	3.2
Active Rock	2.6
Adult Hits	2.6
Album Oriented Rock (AOR)	2.6
All Sports	2.5
Contemporary Christian	2.5
Alternative	2.0
Classical	1.9
New AC/Smooth Jazz	1.9
Rhythmic Contemporary Hit Radio	1.8
Mexican Regional	1.7
Talk/Personality	1.4
Spanish Contemporary	0.1



Source: Formulas are from Arbitron. Data come from  
Nielsen/Putnam National Program Database, Spring 2007

(continued on next page)

# Radio Formats Ranked by Audience Share by Region

## AQH Share by Format

### West North Central

Country	21.3
News/Talk/Information	14.5
Classic Rock	7.3
Pop Contemporary Hit Radio	6.1
Adult Contemporary	5.5
Oldies	4.8
Hot Adult Contemporary	4.5
Active Rock	3.5
Contemporary Christian	3.0
Album Oriented Rock (AOR)	2.9
Talk/Personality	2.1
All Sports	2.0
Adult Hits	1.9
Classical	1.9
Rhythmic Contemporary Hit Radio	1.5
Alternative	1.3
Classic Hits	1.0
Urban Contemporary	1.0
Mexican Regional	0.7
Urban Adult Contemporary	0.7
New AC/Smooth Jazz	0.0
Spanish Contemporary	0.0

### Mountain

Country	14.1
News/Talk/Information	13.0
Mexican Regional	6.9
Classic Rock	6.1
Adult Contemporary	5.3
Pop Contemporary Hit Radio	4.4
Hot Adult Contemporary	4.1
Adult Hits	3.5
Oldies	3.5
Rhythmic Contemporary Hit Radio	3.5
Active Rock	2.5
Contemporary Christian	2.5
Alternative	2.3
New AC/Smooth Jazz	2.2
Classical	1.8
Album Oriented Rock (AOR)	1.7
All Sports	1.7
Spanish Contemporary	1.7
Classic Hits	1.4
Talk/Personality	1.3
Urban Contemporary	0.3
Urban Adult Contemporary	0.2

### Pacific

News/Talk/Information	11.7
Mexican Regional	9.6
Rhythmic Contemporary Hit Radio	7.7
Country	7.1
Adult Contemporary	6.4
Classic Rock	4.0
Pop Contemporary Hit Radio	3.7
Talk/Personality	3.2
Alternative	2.9
Spanish Contemporary	2.9
New AC/Smooth Jazz	2.8
Classic Hits	2.7
Hot Adult Contemporary	2.7
Adult Hits	2.5
All Sports	2.5
Classical	2.3
Contemporary Christian	2.1
Active Rock	1.4
Oldies	1.3
Urban Adult Contemporary	1.1
Album Oriented Rock (AOR)	1.0
Urban Contemporary	0.1



Source: Formulas and data are from Arbitron. Data come from  
Arbitron's National Regional Database, Spring 2007

# Radio Formats Ranked By Demographic

## AQH Share of Teen Boys and Girls 12-17

Mon-Sun, 6AM-Mid,  
Spring 2007, Persons 12+

Pop Contemporary Hit Radio	20.1
Rhythmic Contemporary Hit Radio	16.0
Urban Contemporary	10.3
Country	10.2
Hot Adult Contemporary	4.1
Alternative	4.0
Adult Contemporary	3.4
Contemporary Christian	3.0
Active Rock	2.7
Classic Rock	2.7
Mexican Regional	2.7
Urban Adult Contemporary	2.5
Album Oriented Rock (AOR)	1.7
Spanish Contemporary	1.7
News/Talk/Information	1.3
Adult Hits	1.1
Classic Hits	1.1
Oldies	0.8
All Sports	0.5
Classical	0.4
New AC/Smooth Jazz	0.4
Talk/Personality	0.4

## AQH Share of Adults 18-24

Mon-Sun, 6AM-Mid,  
Spring 2007, Persons 12+

Country	12.7
Pop Contemporary Hit Radio	12.3
Rhythmic Contemporary Hit Radio	11.0
Urban Contemporary	8.1
Mexican Regional	6.2
All Sports	4.7
Alternative	4.7
Adult Contemporary	4.3
Classic Rock	4.2
Active Rock	4.0
Hot Adult Contemporary	3.7
Album Oriented Rock (AOR)	2.6
Urban Adult Contemporary	2.6
Spanish Contemporary	2.1
Contemporary Christian	1.8
News/Talk/Information	1.8
Classic Hits	1.7
Adult Hits	1.5
Oldies	1.2
Talk/Personality	0.8
New AC/Smooth Jazz	0.8
Classical	0.4

## AQH Share of Adults 25-34

Mon-Sun, 6AM-Mid,  
Spring 2007, Persons 12+

Country	11.7
Pop Contemporary Hit Radio	8.1
Mexican Regional	7.3
Adult Contemporary	5.8
Rhythmic Contemporary Hit Radio	5.8
Urban Contemporary	5.5
News/Talk/Information	4.6
Hot Adult Contemporary	4.5
Classic Rock	4.4
Alternative	3.7
Active Rock	3.5
Urban Adult Contemporary	3.3
Album Oriented Rock (AOR)	2.9
All Sports	2.6
Contemporary Christian	2.5
Adult Hits	2.4
Spanish Contemporary	2.4
Classic Hits	1.7
Talk/Personality	1.5
Oldies	1.0
New AC/Smooth Jazz	1.0
Classical	0.7

Source: Formulations are from Arbitron. Data come from  
Mediabase/Pers. National Program Database, Spring 2007

(continued on next page)



# Radio Formats Ranked By Demographic

## AQH Share of Adults 35-44

Mon-Sun, 6AM-Mid,  
Spring 2007, Persons 12+

Country	12.2
News/Talk/Information	7.8
Adult Contemporary	7.7
Classic Rock	6.5
Pop Contemporary Hit Radio	5.0
Hot Adult Contemporary	4.6
Urban Adult Contemporary	4.6
Mexican Regional	3.7
Adult Hits	3.3
Urban Contemporary	3.3
Album Oriented Rock (AOR)	3.1
All Sports	3.1
Classic Hits	3.0
Contemporary Christian	3.0
Rhythmic Contemporary Hit Radio	2.6
Active Rock	2.3
Alternative	2.2
Talk/Personality	1.8
Spanish Contemporary	1.7
Oldies	1.5
New AC/Smooth Jazz	1.4
Classical	0.9

## AQH Share of Adults 45-54

Mon-Sun, 6AM-Mid,  
Spring 2007, Persons 12+

Country	13.0
News/Talk/Information	11.2
Adult Contemporary	9.3
Classic Rock	7.2
Urban Adult Contemporary	4.9
Classic Hits	4.9
Oldies	4.7
Hot Adult Contemporary	3.1
All Sports	2.9
Contemporary Christian	2.6
New AC/Smooth Jazz	3.7
Adult Hits	2.5
Pop Contemporary Hit Radio	2.5
Album Oriented Rock (AOR)	2.3
Talk/Personality	2.0
Urban Contemporary	2.0
Mexican Regional	1.9
Classical	1.9
Rhythmic Contemporary Hit Radio	1.2
Alternative	1.1
Active Rock	1.0
Spanish Contemporary	1.0

Source: Forecasts are from Arbitron. Data come from  
Nielsen/Putnam National Program Database, Spring 2007

(continued on next page)

# Radio Formats Ranked By Demographic

## AQH Share of Adults 55-64

Mon-Sun, 6AM-Mid,  
Spring 2007, Persons 12+

News/Talk/Information	16.7
Country	14.6
Adult Contemporary	9.7
Oldies	5.8
Urban Adult Contemporary	4.1
Classic Hits	3.9
Classical	3.4
Classic Rock	3.0
New AC/Smooth Jazz	3.0
All Sports	2.5
Talk/Personality	2.2
Contemporary Christian	1.7
Adult Hits	1.6
Hot Adult Contemporary	1.6
Mexican Regional	1.4
Urban Contemporary	1.3
Pop Contemporary Hit Radio	1.1
Spanish Contemporary	1.0
Album Oriented Rock (AOR)	0.8
Rhythmic Contemporary Hit Radio	0.5
Alternative	0.4
Active Rock	0.3

## AQH Share of Adults 65+

Mon-Sun, 6AM-Mid,  
Spring 2007, Persons 12+

News/Talk/Information	26.3
Country	13.9
Adult Contemporary	6.4
Classical	5.8
Oldies	2.9
Talk/Personality	2.8
New AC/Smooth Jazz	2.8
All Sports	2.2
Urban Adult Contemporary	2.0
Classic Hits	1.7
Contemporary Christian	0.9
Mexican Regional	0.9
Spanish Contemporary	0.8
Adult Hits	0.7
Hot Adult Contemporary	0.7
Urban Contemporary	0.7
Classic Rock	0.6
Pop Contemporary Hit Radio	0.5
Rhythmic Contemporary Hit Radio	0.3
Album Oriented Rock (AOR)	0.2
Alternative	0.2
Active Rock	0.1

Source: Forecasts are from Arbitron. Data come from  
Nielsen/Pers. National Program Database, Spring 2007



## Sources

*Radio Today* contains general statistics on radio and listening trends. Data for charts and graphs come from Arbitron's American Radio Listening Trends, Spring 2007; Maximize<sup>®</sup> Plus National Regional Database, Spring 2007; and Scarborough USA 1, Release 1, 2007. The American Radio Listening Trends database includes 98 continuously measured markets with Arbitron's National Regional Database includes radio audience data for 100 markets in the United States, as well as all U.S. counties including those outside measured markets.

Arbitron's *Radio Today* is based on 1,000 interviews with adults, age 18 and over, in 75 of the country's largest markets. The reports are single-source studies that examine a variety of characteristics, including demographics, socioeconomic characteristics, lifestyle activities, consumer habits, local market shopping patterns and product usage, as well as media behavior.

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# FALSE PREMISES, FALSE PROMISES

A Quantitative History of  
Ownership Consolidation  
in the Radio Industry



by **Peter DiCola**

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December 2006



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## **Executive Summary**

This report is a quantitative history of ownership consolidation in the radio industry over the past decade, studying the impact of the Telecommunications Act of 1996 and accompanying FCC regulations.

### **A Brief History of Radio Regulation**

Since the 1930s, the federal government has limited the number of radio stations that one entity could own or control. In the 1980s and early 1990s, the Federal Communications Commission (FCC) began gradually to relax these limits. Finally, in the Telecommunications Act of 1996 (Telecom Act), Congress eliminated the national cap on station ownership, allowing unlimited national consolidation. With the same law, Congress also raised the local caps on station ownership. In addition, as this study describes in detail, the FCC regulations implementing the Telecom Act allowed more consolidation to occur than alternative regulations would have allowed.

### **Methodology and Data Sources**

To keep the quantitative analysis as simple and transparent as possible, we have not included technical statistical analysis. Instead, we have filled this report with standard, antitrust-style measures of concentration; our own new methodologies for measuring localism and diversity; and many time-series analyses that simply track who owned what when. The study covers thirty years of historical data wherever possible; in other places, the study focuses on the last ten to twelve years—the main period of interest for examining the impact of the Telecom Act.

The FCC's own efforts at collecting data on the radio industry are inadequate, as we emphasize throughout the study. Just as the FCC does, we have relied on industry-collected data to measure changes in radio consolidation and programming. These proprietary sources include: Media Access Pro (Radio Version) from industry consultants BIA Financial Networks, Duncan's American Radio, and Radio and Records magazine.

### **Major Findings of the Study**

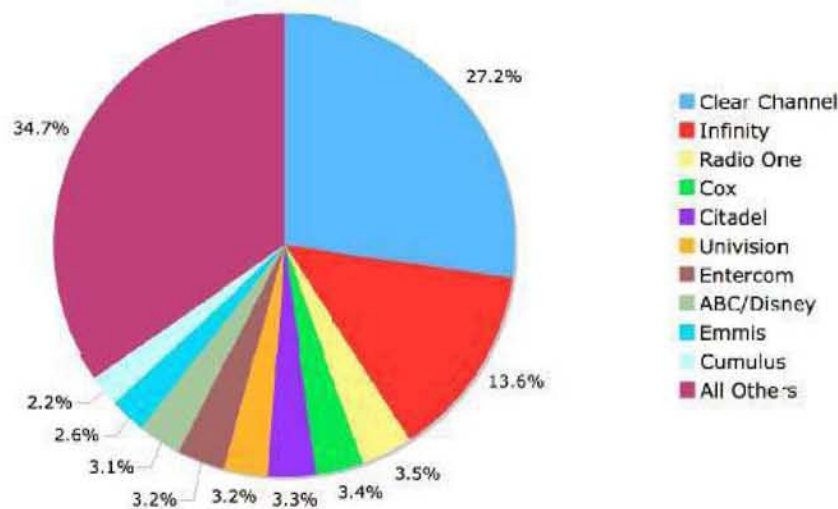
Highlights from the study are organized here in similar fashion to its three chapters. The first chapter focuses on national radio consolidation, the second on local radio consolidation, and the third on radio programming.

---

*Emergence of Nationwide Radio Companies*

1. **Fewer radio companies:** The number of companies that own radio stations peaked in 1995 and has declined dramatically over the past decade. This has occurred largely because of industry consolidation but partly because many of the hundreds of new licenses issued since 1995 have gone to a handful of companies and organizations.
2. **Larger radio companies:** Radio-station holdings of the ten largest companies in the industry increased by almost fifteen times from 1985 to 2005. Over that same period, holdings of the fifty largest companies increased almost sevenfold.
3. **Increasing revenue concentration:** National concentration of advertising revenue increased from 12 percent market share for the top four companies in 1993 to 50 percent market share for the top four companies in 2004.

**Figure 1: National Share of Radio Listeners, Commercial Sector, 2005.**



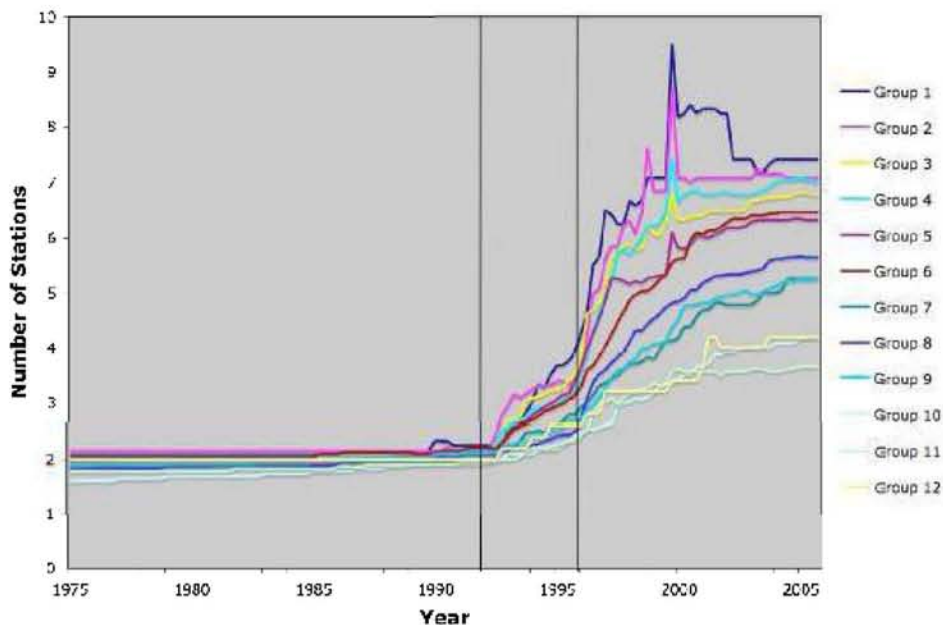
4. **Increasing ratings concentration:** National concentration of listenership continued in 2005—the top four firms have 48 percent of the listeners, and the top ten firms have almost two-thirds of listeners [see Figure 1].
5. **Declining listenership:** Across 155 markets, radio listenership has declined over the past fourteen years for which data are available, a 22 percent drop since its peak in 1989.

---

*Consolidation in Local Radio Markets*

6. **The Largest Local Owners Got Larger:** The number of stations owned by the largest radio entity in the market has increased in every local market since 1992 and has increased considerably since 1996 [see Figure 2].

**Figure 2: Number of Stations Owned in a Market by the Largest Owner in a Market, 1975-2005, Average by Market Group.**

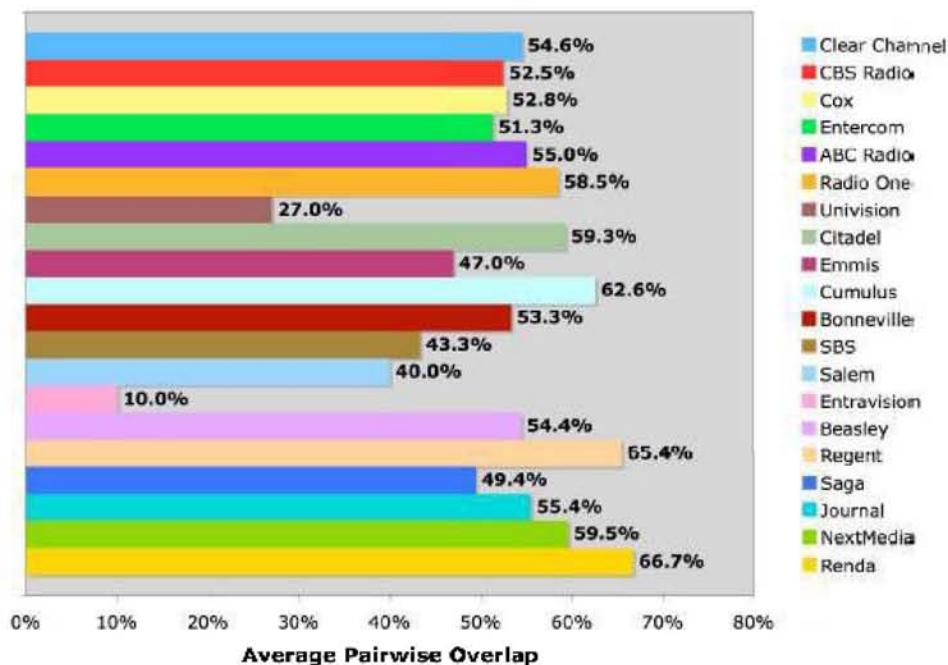


7. **More Markets with Owners Over the Local Cap:** The FCC's signal-contour market definition allowed companies to exceed local ownership caps in 104 markets.
8. **Increasing Local Concentration:** Concentration of ownership in the vast majority of local markets has increased dramatically.
9. **How Lower Caps Can Be Justified:** The FCC's local caps—in fact, even lower caps than the current caps—can be justified by analyzing how the caps prevent excessive concentration of market share.
10. **Declining Local Ownership:** The Local Ownership Index, created by Future of Music Coalition, shows that the localness of radio ownership has declined from an average of 97.1 to an average of 69.9, a 28 percent drop.
11. **Restoration of Local Ownership is Possible:** To restore the Local Ownership Index to even 90 percent of its pre-1996 level, the FCC would have to license dozens of new full power and low-power radio licenses to new local entrants and re-allocate spectrum to new local entrants during the digital audio broadcast transition.

### *Radio Programming in the Wake of Consolidation*

12. **Homogenized Programming:** Just fifteen formats make up 76% of commercial programming.
13. **Large Station Groups Program Narrowly:** Owners who exceed or exactly meet the local ownership cap tend to program heavily in just eight formats.
14. **Only Small Station Groups Offer Niche Formats:** Niche musical formats like Classical, Jazz, Americana, Bluegrass, New Rock, and Folk, where they exist, are provided almost exclusively by smaller station groups.
15. **Small Station Groups Sustain Public-Interest Programming:** Children's programming, religious programming, foreign-language and ethnic-community programming, are also predominantly provided by smaller station groups.
16. **Format Overlap Remains Extensive:** Radio formats with different names can overlap up to 80% in terms of the songs played on them.

**Figure 3: Average Pairwise Overlap Between Stations in the Same Format, By Owner, June 25-July 1, 2006.**



17. **Individual Stations Use Highly Similar Playlists:** Playlists for commonly owned stations in the same format can overlap up to 97%. For large companies, even the average pairwise overlap usually exceeds 50% [see Figure 3].

18. **Network Ownership Is Also Concentrated:** The three largest radio companies in terms of station ownership are also the three largest companies in terms of programming-network ownership.

### **Conclusion**

Radio consolidation has no demonstrated benefits for the public. Nor does it have any demonstrated benefits for the working people of the music and media industries, including DJs, programmers—and musicians. The Telecom Act unleashed an unprecedented wave of radio mergers that left a highly consolidated national radio market and extremely consolidated local radio markets. Radio programming from the largest station groups remains focused on just a few formats—many of which overlap with each other, enhancing the homogenization of the airwaves.

From the recent new-payola scandal to the even more recent acknowledgements that giant media conglomerates have begun to fail as business models, we can see that government and business are catching up to the reality that radio consolidation did not work. Instead, the Telecom Act worked to reduce competition, diversity, and localism, doing precisely the opposite of Congress's stated goals for the FCC's media policy. Future debates about how to regulate information industries should look to the radio consolidation story for a warning about the dangers of consolidated control of a media platform.

### **About Future of Music Coalition**

Future of Music Coalition (FMC) is a national non-profit education, research and advocacy organization that identifies, examines, interprets and translates the challenging issues at the intersection of music, law, technology and policy. FMC achieves this through continuous interaction with its primary constituency—musicians—and in collaboration with other creator/citizen groups.

### **About the Primary Author**

Peter DiCola is a Ph.D. candidate in economics at the University of Michigan in Ann Arbor. He received his J.D. *magna cum laude* from the University of Michigan Law School in May 2005, and was awarded the Henry M. Bates Memorial Scholarship. Currently, he serves as the Research Director of the Future of Music Coalition while he works on his dissertation. He has research interests in the fields of telecommunications law, intellectual property law, law and economics, labor economics, and industrial organization. He is the co-author, with Kristin Thomson, of *Radio Deregulation: Has It Served Citizens and Musicians?* (2002), which was cited by the U.S. Court of Appeals for the Third Circuit in *Prometheus Radio Project v. FCC*. He has also written a chapter, "Employment and Wage Effects of Radio Consolidation," for the scholarly collection *Media Diversity and Localism* (Lawrence Erlbaum and Associates, 2006).



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## Introduction

Radio is not what it used to be. A brief and obscure regulatory provision tucked into the Telecommunications Act of 1996 – Congress’s comprehensive rewriting of telephone and cable regulations – eliminated or relaxed the previous limits on radio-station ownership. As a result, ownership of radio stations consolidated intensively over the next five years with some ownership groups acquiring dozens, if not hundreds, of radio stations across the country. The unprecedented creation of large radio conglomerates represents a fundamental transformation of the radio landscape.

With speed exceeding Wal-Mart’s ascent to retail dominance,<sup>1</sup> Clear Channel and, to a lesser extent, Viacom/Infinity/CBS Radio gained unprecedented market shares both nationally and locally. But Clear Channel’s rise presents greater problems than Wal-Mart’s. Radio is not about shelf space but about the public airwaves, one of the only free and ubiquitous media through which the public can access culture and information. And Clear Channel’s gains in market share came through a regulatory experiment in which Congress allowed more mergers and acquisitions than ever before. These changes have shown cause for alarm.

In 2002, the Future of Music Coalition published a study that examined radio consolidation and its effects on the public and the music community.<sup>2</sup> We compared radio to a public park, threatened by privatization and over-commercialization. And we raised concerns about how consolidation had led to homogenized programming, facilitated a new form of payola,<sup>3</sup> and presented musicians with fewer opportunities to get on the air.

Our 2002 study was submitted to the Federal Communications Commission (FCC) as part of its biennial review of its media ownership rules. Many citizens and public-interest groups from a variety of political perspectives participated in the proceeding, leading to a record-breaking number of comments filed at the FCC, most in opposition to further media consolidation. Despite strong evidence and negative public opinion, the FCC did move ahead with recommendations to loosen ownership regulations on radio, TV and newspapers. It wasn’t until a win by media reform advocates in *Prometheus v. FCC* at the Third Circuit Court of Appeals that the FCC was prevented from further relaxing the radio ownership

<sup>1</sup> Wal-Mart’s national retail market share rose from 9 percent in 1987 to 27 percent in 1995, comparable to Clear Channel’s rise from 2 percent national radio-revenue market share in 1995 to 28 percent by 2001. See Federal Reserve Bank of Atlanta, “The Race for Retail Market Share in the Southeast,” 2002 *Econ South* q. 2, at <http://www.frbatlanta.org/invoke.cfm?objectId=D3F86AD9-E129-43A7-93E52B3590A62543&method=display> (last visited November 28, 2006).

<sup>2</sup> Peter DiCola and Kristin Thomson, *Radio Deregulation: Has It Served Citizens and Musicians?* (2002), at <http://www.futureofmusic.org/research/radiostudy.cfm> (last visited November 28, 2006).

<sup>3</sup> See, for example, Office of New York State Attorney General, “CBS Radio Settles Payola Allegations,” (Oct. 19, 2006), at [http://www.oag.state.ny.us/press/2006/oct/oct19a\\_06.html](http://www.oag.state.ny.us/press/2006/oct/oct19a_06.html) (last visited November 30, 2006).

limits that remained after the Telecommunications Act of 1996. In 2006, the FCC launched another review of its media ownership rules. With this new study we hope to contribute an updated and greatly expanded perspective on the recent history of radio consolidation.

### **Contents and Purposes of This Study**

This study contains three chapters, each of which is divided into several subsections. Chapter 1 takes the most expansive look at the national radio industry. It surveys a thirty-year history, tracing ownership consolidation from 1975 to 2005. Chapter 2 focuses on local radio markets and the extreme consolidation they have experienced since the Telecommunications Act of 1996. Chapter 3 examines radio programming, and how consolidation appears to have affected the radio formats, individual songs, and the volume of syndicated network content carried on the air.

We will submit this study to the FCC in its 2006 review of media ownership rules. We believe this research will cause policy makers to question the benefits of consolidation as they decide whether to further relax radio station ownership regulations. In fact, the data contained in this report should urge the FCC to re-institute certain regulations or develop new regulations to address the loss of competition, diversity, and localism in radio. We also hope that this new, comprehensive, and unprecedented history of radio consolidation can inform current and future policy debates about the information industries.

The listening public deserves an explanation of how the radio industry has changed over the past decade. Working people—from musicians to DJs to local advertisers—need to understand how the media environment has changed, often for the worse. Although our data analysis has been robust, we have tried to make the results contained in this report clear and easy to understand. We provided graphs and figures wherever appropriate, documented our sources diligently and displayed reproducible results.

### **The Value of Radio**

With the onset of internet radio, satellite radio, podcasting, and portable digital music devices (including cell phones) over the past decade or so, some observers mistakenly consider traditional, terrestrial radio to be of waning importance. Traditional radio companies have actually begun making the transition to digital broadcasting, sometimes called “HD Radio,” but this transition has happened slowly and the results remain uncertain. But digital or not, radio remains one of our most valuable media. No new technology has the penetration that radio has. Approximately 94 percent of Americans listen to radio each week.<sup>4</sup> Compare that to the 42 percent of US households that had high-speed internet access as of March 2006.<sup>5</sup>

<sup>4</sup> The Arbitron Company, “Radio Today: How American Listens to Radio, 2006 Edition,” at [http://www.arbitron.com/national\\_radio/home.htm](http://www.arbitron.com/national_radio/home.htm) (last visited November 30, 2006).

<sup>5</sup> John Horrigan, “Home Broadband Adoption 2006,” available at [http://www.pewinternet.org/PPF/r/184/report\\_display.asp](http://www.pewinternet.org/PPF/r/184/report_display.asp) (last visited November 30, 2006).

Radio remains important and vital in many ways. The kinds of audio content offered by traditional radio—DJed sequences of songs, live concerts, news and talk shows, education and how-to guides—remain incredibly popular. Advertisers still buy radio time. Musicians still seek radio play to further their careers. Emergency authorities still rely on radio during disasters like hurricanes, fires, and chemical spills.<sup>6</sup> Noncommercial radio has become increasingly vital, with National Public Radio (NPR) doubling its listenership in the past five years.<sup>7</sup> Even the vast majority of early adopters of new audio technologies expect to maintain their current habits of listening to traditional radio.<sup>8</sup>

Although new audio technologies present exciting opportunities for consumers and musicians, they do not predict the demise of traditional radio. For example, satellite radio can program in more granular musical genres, but cannot build local connections between musicians and communities like traditional radio does. Webcasts might have a local focus, but they lack the audience of traditional radio and cannot transmit to your car. Podcasts provide a portable means to hear music, news, or other audio programs in your car or anywhere else. But licensing copyrighted music for podcasts presents a significant hurdle.<sup>9</sup>

Of course, solutions to the problems with and limitations of these new technologies are possible. Podcast licensing could advance more quickly, for instance, or technology to put webcasts into cars could arise. Such developments would benefit the public. But they would not necessarily threaten the value of radio. Media technologies need not replace each other, but can instead complement each other. The addition of satellite, webcasting, and podcasting makes the music marketplace more open and competitive. These new technologies have helped musicians and individual listeners route around the bottlenecks that consolidation has caused in traditional media like radio. The ultimate effect of new technologies on radio depends on radio companies' responses to these business challenges—and on policies that facilitate the best outcome possible for the public.

<sup>6</sup> See Eric Klinenberg, *Fighting for Air: The Battle to Control America's Media* (forthcoming 2007).

<sup>7</sup> Jacques Steinberg, "Money Changes Everything," *New York Times*, March 19, 2006, Sec. 2, p. 1.

<sup>8</sup> Arbitron & Edison Media Research, "The Infinite Dial: Radio's Digital Platforms," p. 13, available at [http://www.arbitron.com/downloads/digital\\_radio\\_study.pdf](http://www.arbitron.com/downloads/digital_radio_study.pdf) (last visited August 27, 2006).

<sup>9</sup> See, for example, Michelle Kessler, "Storm Clouds Gather Over Podcasting," *USA Today*, August 3, 2005, available at [http://www.usatoday.com/money/media/2005-08-03-podcasting-usat\\_x.htm](http://www.usatoday.com/money/media/2005-08-03-podcasting-usat_x.htm) (last visited December 1, 2006).

## Bigger Is Definitely Not Better

So far the responses of policy makers and radio companies have fallen far short of ideal. Congress's response to new technologies' development was to eliminate or relax ownership limits to allow radio companies to consolidate. Radio companies' response was to acquire lots of stations as quickly as possible. Clear Channel multiplied its station holdings by a factor of 30, going from 40 stations to 1,200 stations within five years of the Telecom Act.<sup>10</sup> In addition to its radio holdings, Clear Channel amassed television stations, billboards, concert promotion, and concert venue properties.

We wrote in our 2002 study that Clear Channel's "bigger is better" strategy was misguided and expressed doubts about the supposed "synergies" they sought.<sup>11</sup> As it turned out, Clear Channel's strategy had both dubious legality<sup>12</sup> and dubious profitability. By the spring of 2005, the company had abandoned its attempt to use its holdings across several media for leverage, breaking the company into three parts: radio/television, concerts, and billboards.<sup>13</sup> In November 2006, on the heels of a six-year decline in the company's stock price,<sup>14</sup> a group of private equity investors purchased Clear Channel's assets.<sup>15</sup> At the same time, Clear Channel announced that it would sell off 448 of its radio stations in markets outside the top 100 ranked by size, as well as all 42 of its television stations.<sup>16</sup>

Serious policy concerns remain despite the Clear Channel buyout. Thomas H. Lee Partners is one the two leading private equity firms in the purchase, along with Bain Capital. It also has holdings in two other large radio companies, Univision and Cumulus Media Partners, which it might have to relinquish. For example, Thomas H. Lee Partners' three radio properties would own a combined 17 stations in the Houston-Galveston market, well beyond the current cap of 8 stations per owner. The FCC should retain its current rule for attributing ownership interest, which sets a 5 percent threshold for what counts as "ownership" when

<sup>10</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

<sup>11</sup> DiCola and Thomson, *Radio Deregulation*, pp. 30-31.

<sup>12</sup> Allegations against Clear Channel include payola, antitrust tying, fraud, racketeering, and theft of public funds. See Chapter 1 of this study and the sources cited therein.

<sup>13</sup> Press Release, "Clear Channel Communications Announces Planned Strategic Realignment of Businesses to Enhance Shareholder Value," April 29, 2005, *available at* <http://www.clearchannel.com/Corporate/PressRelease.aspx?PressReleaseID=1438> (last visited December 2, 2006).

<sup>14</sup> We refer here to the broad downward trend that is easily visible from a simple stock chart, not to temporary ups and downs of the stock. See, for example, the "1-decade" chart for stock symbol CCU at <http://www.investorguide.com> (last visited December 2, 2006).

<sup>15</sup> Angela Moore, "Clear Channel Agrees to \$18.7 Billion Buyout," *Marketwatch.com*, Nov. 27, 2006 (corrected version).

<sup>16</sup> Press Release, "Clear Channel Announces Plan to Sell Radio Stations Outside the Top 100 Markets and Entire Television Station Group," November 16, 2006, *available at* <http://www.clearchannel.com/Corporate/PressRelease.aspx?PressReleaseID=1825> (last visited December 2, 2006).



enforcing the ownership caps.<sup>17</sup> Otherwise, the current trend of taking media companies private will open another loophole in the media ownership rules.

Some observers have gone so far as to claim that the Clear Channel sell-off of 448 stations alleviates concerns about concentration in the radio industry.<sup>18</sup> No facts support such a claim. Even after the sell-off, Clear Channel will retain its dominant position, with over 700 stations in 88 markets out of the top 100 ranked by size. Those stations represent 88 percent of Clear Channel's listenership and 86 percent of its revenue—leaving its market share mostly intact and well ahead of the second-largest firm.<sup>19</sup> Moreover, Clear Channel's new private-equity owners could retain an option to buy back their holdings in Univision (with 73 stations) and Cumulus Media Partners (with 37 stations).<sup>20</sup> Either way, Clear Channel will retain ample size to pose a threat to competition in the markets where they will remain.

The research in this study will show how much damage has already occurred with respect to the FCC's policy goals of competition, diversity, and localism. Relaxing the local ownership limits further would simply let Clear Channel get bigger—again—when the lesson from the past decade of experience with consolidation suggests doing exactly the opposite. Clear Channel's size was the root cause of their many problems in radio: the potentially illegal business practices, the loss of localism, the harms to programming diversity, and so on.

More than anything, the Clear Channel buyout shows that policy makers must develop skepticism about the public benefits of such unproven—and ultimately, in this case, illusive—economies of scale.<sup>21</sup> The public has been harmed by both the formation of Clear Channel as a radio giant and the policy that allowed it to form. We cannot predict the future. Perhaps the 448 sold-off stations will go to local, independent, and minority owners who will revitalize radio. But it would take far more than 448 new or newly independent stations to restore local ownership to what it was.<sup>22</sup> And Clear Channel's business practices—most importantly, its modern version of payola—may have damaged the health of the radio bandwidth. Listenership is down. We can only speculate—though we are not alone in our speculation—that listenership has declined because of the damage to diversity and localism from Clear Channel's rise. Policy makers must not repeat their mistake, which flowed from the false premise that bigger is better. Not so for radio companies.

<sup>17</sup> See 47 C.F.R. § 73.3555 n. 2 (2004). Investment companies, as defined in 15 U.S.C. § 80a-3, can own up to 20 percent of a station before the FCC will deem them to have a "cognizable interest."

<sup>18</sup> "[N]ow that Clear Channel is splitting the company and most likely selling the 448 stations designated for divestiture to numerous buyers, industry observers believe consolidation opponents will be appeased enough to let the big-market deregulation the company is seeking slide by." Ron Orol, "Clear Channel Needs FCC Help," *Deal.com*, November 21, 2006 (subscription required; copy on file with the author).

<sup>19</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

<sup>20</sup> Orol, "FCC Help."

<sup>21</sup> "Economies of scale" refers to the economic situation in which a larger firm can produce goods or services more efficiently (up to a point, at least) than a smaller firm. The opposite situation of "diseconomies of scale," in which larger firms produces goods or services *less* efficiently, is equally possible both in theory and in real-world practice.

<sup>22</sup> See Chapter 2 of this study, in particular the section entitled "The Local Ownership Index."

## Lessons from Radio for the Internet

In a rapidly changing media environment, it becomes all the more important to learn lessons from the experience of established industries like radio. Brand new industries are harder to measure, understand, and evaluate. But data are available to measure the radio industry in various ways, however imperfect those data might be. In fact, the “experiment” Congress created, by allowing intensive consolidation in the radio industry, allows us to study consolidation in an information industry. Historical data on the radio industry give us a way to see what happens when ownership of the platform and the content in an information industry becomes concentrated in relatively few companies’ hands. While these similarities are not a perfect correspondence, they are useful given the lack of comprehensive, standardized data about the emerging marketplace.

Studying radio consolidation provides lessons beyond just radio. We can extrapolate from radio’s experience to suggest what could happen if a few owners of the internet’s infrastructure gain effective control over the entire internet platform—the subject of the current debate over network neutrality.<sup>23</sup> In the mid-1990s, it was the radio industry that convinced Congress and the FCC of the need for a set of regulations that would allow them to buy more stations, both locally and nationally. The rationale presented at the time was that the radio industry needed to take advantage of economies of scale in order to survive in a crowded media marketplace. If new regulations passed, the radio industry promised to deliver more and better programming to serve the public.

However, the Telecom Act had a radically different outcome. As articulated in the next three chapters, the Act led to massive industry consolidation, a loss of localism, and a lack of programming diversity. Even more compelling, the Telecom Act, in conjunction with the FCC’s own application of market definitions, served to protect incumbents and reduce economic competition—all at the expense of small businesses and the public.

A similar scenario has developed around the issue of network neutrality. Powerful telecommunications and cable corporations are telling Congress and the FCC that they need to be able to charge content providers for the use of their networks. Once again industry incumbents are asking policymakers for regulations and legislation that secures greater compensation for them at the expense of small businesses and the public. In this way, radio remains the canary in the coalmine.<sup>24</sup> Its experience with extreme consolidation can suggest paths we should avoid with internet and wireless technology.

Information industries like radio are vital to our culture, our democracy, and our economy. Together the information industries (software, telecommunications, television, movies, and

<sup>23</sup> See, for example, CNet articles at [http://news.com.com/Net+neutrality+showdown/2009-1028\\_3-6055133.html](http://news.com.com/Net+neutrality+showdown/2009-1028_3-6055133.html) (last visited November 28, 2006).

<sup>24</sup> FCC Commissioner Michael Copps has also used this metaphor. See Jonathan Lawson, “Fixing Radio,” *Reclaim the Media*, February 28, 2005, at [http://reclaimthemedias.org/radio/fixing\\_radio](http://reclaimthemedias.org/radio/fixing_radio) (last visited December 7, 2006).

so on) have grown to about 5 percent of total U.S. gross domestic product, nearly doubling in share since World War II,<sup>25</sup> and are among the few U.S. industries to enjoy a positive trade balance. Research about how information companies and information industries behave, like the research contained in this report, is therefore highly valuable. Even in a time of new technologies, studying radio remains essential.

### **Industry Research and Access to Data**

Over the past two decades, radio companies have sought “regulatory relief” in the face of allegedly declining business prospects. In addition to—or, in some cases, instead of—developing new radio programming and other new services for listeners, radio companies have asked Congress to change the rules in ways that benefit them as incumbents. That is, one benefit for radio companies of gaining unprecedented size was dominance over any potential new entrants to the radio industry. Larger companies can hold more sway over advertising customers as well as suppliers of programming, such as musicians.

Federal administrative law requires that research back up any FCC decisions about adopting, modifying, or changing rules that affect incumbent radio companies. The FCC itself maintains a research staff to perform some research from an ostensibly neutral perspective. But the radio industry submits dozens of research reports each time the FCC has a proceeding to advocate for their perspective.

There are endemic problems to much of the research involved in this process. Both the FCC’s and the industry’s research are based on the same data, which are collected by and belong to the industry. Only variables that the industry sees fit to measure get measured. Only questions that the industry sees fit to ask get asked—unless public-interest groups fill the gap. To conduct our research, we have to purchase proprietary data sets from the industry, often the same data sets used by the FCC itself. With careful critical analysis, we make the most of these flawed, incomplete, and expensive data. But throughout this report we will emphasize the importance of disinterested research to the FCC’s policy-making process and the need for enhanced collection of and access to radio data.

### **Summary**

The public park that is our radio airwaves remains endangered by consolidated control. We hope to save the park for the public’s enjoyment by telling its story and by suggesting how we can properly maintain its value. Radio—still a miraculous, inexpensive, ubiquitous, and valued technology—is worth saving.

<sup>25</sup> Only the financial sector has grown faster than the information sector of the U.S. economy. See Bureau of Economic Analysis, “Gross-Domestic-Product-by-Industry Accounts, 1947-2005,” at [http://bea.gov/bea/industry/gpotables/gpo\\_list.cfm?anon=645](http://bea.gov/bea/industry/gpotables/gpo_list.cfm?anon=645) (last visited November 28, 2006).

If measured by the three long-standing goals of competition, localism, and diversity, the experiment with radio consolidation launched by the Telecommunications Act of 1996 was a policy failure. Chapter 1 shows the loss of competition in radio nationwide. Chapter 2 documents the accompanying loss of local ownership over the last decade. Chapter 3 highlights the lack of diversity on commercial radio and from large station groups.

If there is a silver lining to this cloud of failed oversight, it will be the lasting lessons that are already being applied in the debate over network neutrality and structural decisions about the internet marketplace. Radio's story has played a major role in spawning the movement against media consolidation. And concerns about access to the data used in the FCC's decision-making process have clarified the need for more substantial and transparent information to monitor media industries. Never again should these decisions be made in the dark. With this study we aim to shed some light.

We start with the history of radio consolidation from a nationwide perspective.

## Chapter 1

### National Radio Consolidation

Radio listeners—and most Americans are radio listeners—have seen the radio industry transformed over the past decade. Standardized programming formats like “KISS-FM” and syndicated shows like Glenn Beck have become even more widespread. Music radio, which has always been hit-driven, now features songs picked by national programming directors instead of local program directors and DJs. Commercials now consume more of the typical radio broadcast. But at the same time, more listeners have tuned out. And thousands of independent, local radio station owners have sold their stations to national chains. In 1995 there were just over 6,600 different owners of radio stations. By 2005, that number had fallen by one-third, to just over 4,400.

These changes to the radio landscape can be traced to the Telecommunications Act of 1996, or the Telecom Act. In that piece of legislation, Congress relaxed local restrictions on radio-station ownership and eliminated the national ownership cap entirely. Radio companies had lobbied hard for this bill, telling Congress that, in a competitive media marketplace, they needed to be able to take advantage of economies of scale to survive. But, they also suggested that being allowed to purchase more stations would also allow them to program more diverse programming for listeners. One senator argued that radio companies needed deregulation “to allow them to compete in the new digital marketplace” and “to provide the best possible service to listeners.”<sup>1</sup> This law is to blame, however, for increasing concentration of ownership in the radio industry—with no demonstrable benefits for citizens and radio listeners.

The Telecom Act changed the radio industry profoundly. For decades, the FCC had placed a cap on the number of radio stations one company could own in the United States. With the Telecom Act, Congress removed the cap entirely. The elimination of the national cap transformed U.S. radio in several ways. The following are among the most crucial:

- **Fewer radio companies:** The number of companies that own radio stations peaked in 1995 and has declined dramatically over the past decade. This has occurred largely because of industry consolidation but partly because many of the hundreds of new licenses issued since 1995 have gone to a handful of companies and organizations.
- **Larger radio companies:** Radio-station holdings of the ten largest companies in the industry increased by almost fifteen times from 1985 to 2005. Over that same period, holdings of the fifty largest companies increased almost sevenfold.

<sup>1</sup> Statement of Senator Conrad Burns, Senate Committee Report 104-023: Telecommunications Competition, available at [http://thomas.loc.gov/cgi-bin/cpquery/?&dbname=cp104&sid=cp104uo5cr&refer=&r\\_n=sr023.104&item=&sel=TOC\\_204865&](http://thomas.loc.gov/cgi-bin/cpquery/?&dbname=cp104&sid=cp104uo5cr&refer=&r_n=sr023.104&item=&sel=TOC_204865&).



- **Increasing revenue concentration:** National concentration of advertising revenue increased from 12 percent market share for the top four companies in 1993 to 50 percent market share for the top four companies in 2004.
- **Increasing ratings concentration:** National concentration of listenership continued in 2005—the top four firms have 48 percent of the listeners, and the top ten firms have almost two-thirds of listeners.
- **Declining listenership:** Across 155 markets, radio listenership has declined over the past fourteen years for which data are available, a 22 percent drop since its peak in 1989.

This study extends and expands on Future of Music Coalition’s 2002 study, *Radio Deregulation: Has It Served Citizens and Musicians?* Like the previous study, it is an attempt to understand the way dramatic changes to the structure of the radio industry have affected the public, with special attention paid to the impact on musicians. This study contains not only new statistics from the past four years, but also newly available historical data, which make it possible to examine three decades’ worth of information. This broader historical approach vividly documents the unprecedented changes that have occurred in the radio industry since 1996.

Chapter 1 takes a nationwide look at the radio industry. It first describes the legal changes that have occurred in radio, and then provides a statistical look at topics like how the FCC issues new radio licenses, how the FCC regulates station ownership, changes in the concentration of market share, and trends in radio listening. Chapter 2 and Chapter 3 will cover the important issues of local radio markets and changes in programming formats.

## A Brief History of the FCC and Radio Regulation

This section puts the passage of the Telecom Act in context, explaining:

- How the FCC’s broadcast license process acts as a *de facto* restriction on entry into the radio industry;
- How the FCC gradually increased the local ownership cap and how Congress eliminated the national ownership cap in 1996; and
- What economic theories motivated the “deregulation” of the 1980s and 1990s—and why the assumptions required for those theories do not hold true in the radio industry.

### *The FCC as Regulator of the Radio Industry*

When you hear about the Federal Communications Commission (FCC), you may think about a government regulatory agency enforcing indecency regulations: radio shock jocks getting fined, the flap over the Janet Jackson incident at the Super Bowl, or the prohibition on using curse words on the air. Or, if you are a bit older, you might think about the FCC enforcing something called the Fairness Doctrine, an FCC regulatory policy that guaranteed equal broadcast time for different political perspectives (and was repealed in the 1980s). This report will discuss the FCC in a different way than you might be accustomed to—as an

enforcer of limits on ownership. Instead of indecency or political balance, this report will focus on how FCC policy influences which types of radio companies can participate and thrive in the current media environment.

The FCC affects the business of radio by limiting what the companies that own radio stations can do. For example, the FCC can use rules or regulations to limit the number of radio stations that one company can own. These types of limits have existed for a long time and have their roots in many different political goals. Some politicians and citizens in the U.S. have long been concerned that ownership of too many media outlets would lead to too much political power in the hands of a single company, a company which could either threaten or align itself with the government to the detriment of democracy. Other politicians and citizens believe that small, local companies will better respond to the public's desires for entertainment and news. From these concerns came the FCC's three policy goals for broadcast, including radio: **competition** (having many firms in the industry), **diversity** (in terms of programming, ethnic perspectives, and political viewpoints), and **localism**.

#### *The FCC's Licensing Process and Its Economic Consequences*

Among its many powers, the FCC decides who receives licenses to broadcast radio. The FCC manages this process partly to prevent radio stations' signals from interfering with each other. Known as the "scarcity rationale," this theory conceives of the radio frequency spectrum as a scarce resource in which only a limited number of signals can coexist while still being heard. The FCC has a responsibility to maximize the usage of this scarce resource without depleting its functionality. What good are twice as many stations on the air if the signals are overlapping to the point of distortion? The FCC is the arbiter of this delicate balance. Some technologists have disputed the scarcity rationale for technical and other reasons, but for the purposes of this report our focus is on the considerable *economic* impact of the FCC's power to control the number of radio stations that can coexist in a local market.

The FCC's power to act as an economic regulator via this localized licensing process has fundamentally shaped the radio industry.

Imagine that the federal government set up a regulatory agency to issue permits for setting up any new coffee shops in each town. That agency—call it the Federal Coffee Commission—might argue that no new coffee shops can open in cities because any new coffee shops would have to be located too close to the coffee shops already crammed onto every street corner. In such a crowded coffee environment, no single coffee shop would make enough money to survive, as the new shops cut into the old shops' profits. Finally, the Commission might say, consumers would struggle to tell the different coffee shops apart if every city block had too many of them. How can you meet your friend at the café on Main between Washington and Madison when there are seventeen cafés fitting that description?

Restricting the licenses for new coffee shops would benefit large incumbent companies like Starbucks by protecting the territory around their current coffee shops. But the policy would frustrate those hoping to open new coffee shops. And the arguments that the restrictions benefit consumers might not hold water. Profits might not decline, or might have been great

enough already for shops to survive. Consumers could perhaps tell the cafés crowded into each city block apart by their brand names. So the Federal Coffee Commission's restrictions on licenses for new coffee shops can seem either prudent or ill-conceived, depending on your political and economic views. But in any case the restrictions would be controversial. And the real FCC's rules on new radio licenses have certainly been that.

As the coffee example suggests, one major consequence of limiting the number of radio licenses is that it protects the companies that already own stations—the incumbent radio companies. The FCC's licensing process is an **entry restriction** or a **regulatory barrier to entry**.

Entry restrictions protect incumbents from losing profits to new competitors. If an entrepreneur has an idea for a great new kind of programming, or for a lineup of syndicated programming that her community might enjoy more than the current offerings, she has three main options. She will either have to: (1) purchase a station from an incumbent, (2) try to sell her idea to an incumbent, or (3) obtain a license for a new station from the FCC. Options (1) and (2) both mean that the incumbents will benefit from our entrepreneur's idea, perhaps getting most of the profits created, since the incumbent will have a stronger bargaining position. Only option (3) allows the entrepreneur to benefit fully from her own idea, since the fees for a new FCC license are nominal compared to the cost of purchasing an existing station.

In this way, the FCC entry restrictions protect incumbent companies from competition. Most of the time, new competitors either have to deal with incumbents to participate in the radio industry or they cannot enter the market at all. As a result, the FCC's decisions about how it issues licenses at the local level has had profound economic consequences on the radio industry nationwide.

#### *Limits on How Many Stations One Company Can Own*

The National Radio Ownership Rule was a regulation adopted by the FCC under the authority Congress gave to the FCC in 1934, when the Communications Act created the agency. In 1953, the FCC set the national cap at 14 stations: no company could own more than 7 AM stations or 7 FM stations. Thus, radio stations in the U.S. were owned by a very large number of companies. Radio was a highly **unconcentrated** industry because ownership of radio stations was so widely dispersed.

Additional FCC regulations ensured that radio stations were locally owned. While a locally owned radio station might have carried programming from a national network like NBC, such a station would traditionally broadcast locally produced programming as well. At the time, FCC regulators felt that small, local radio companies would best serve the **public interest**—a term used by Congress dating back to the Radio Act of 1927 and the Communications Act of 1934 to describe the obligations of broadcasters to serve their local communities. Thus the geographic reach of each radio company was strictly limited.

FCC regulations also contain the longstanding Local Radio Ownership Rule, which prevents one company from owning more than a certain number of stations within a local market. Chapter 2 will discuss local radio and the Local Radio Ownership Rule in detail.

### *Radio “Deregulation” in the 1980s and 1990s*

Starting in the 1980s, the FCC began to gradually increase the national ownership cap. In 1984, the cap increased to 24 stations (no more than 12 AM or 12 FM), and in 1992 the cap increased to 36 stations (no more than 18 FM or 18 AM). By 1994, the national cap was 40 stations per company—no more than 20 AM stations or 20 FM stations, with allowances for minority-owned broadcasters to exceed the cap slightly.

The FCC relaxed the national ownership limit partly because the U.S. had many more radio stations in the 1980s than in previous decades. New technology had made it possible to allow even more stations to coexist in local markets without interference. In addition, the FCC was influenced by an economic theory specific to the broadcast industry that was (mistakenly) interpreted to suggest that an industry made up of larger companies might offer more diverse programming than an industry made up of smaller companies.<sup>2</sup>

In the 1990s, radio companies urged Congress to step in and relax ownership restrictions even further. They claimed that without the ability to take advantage of **economies of scale**—the idea that bigger companies can cut per-unit costs—the radio industry would not survive financially. Coupled with the theoretical justifications for relaxing the national cap, the radio companies convinced Congress to eliminate it in 1996 with the passage of the Telecommunications Act. Congress also significantly relaxed the Local Radio Ownership Rule, but left it in place. (Chapter 2 focuses on the Telecom Act’s effects on local radio.)

But economies of scale are not a law of nature; **diseconomies of scale** are just as likely. For some industries, larger companies can produce goods or services more efficiently. But in other industries, smaller companies are more efficient. Furthermore, companies becoming larger in order to cut their unit costs does not benefit consumers unless the good or service being produced retains the exact same quality. Otherwise the benefits of lower unit costs must be weighed against the harms of inferior products. Thus the theoretical benefits of economies of scale in radio industry would not exist if the quality of programming declined as companies grew larger.

Another major reason for increasing—and ultimately eliminating—the national cap was ideological. With the Reagan administration came a “deregulatory” philosophy that disfavored restrictions on what businesses could do. This policy was influenced by the simple economic theory that markets devoid of government intervention best serve the public interest.

<sup>2</sup> See Peter DiCola & Kristin Thomson, *Radio Deregulation: Has It Served Citizens and Musicians?* (2002), pp. 8-14.

Unfortunately, many of the simplifications required for the free-market economic theory to hold do not apply at all to the radio industry. For instance, the Telecom Act removed the national ownership cap but left the FCC's entry restrictions in place. Without free entry to spur active competition between companies, the benefits of free markets to consumers may not occur. Instead, raising the caps while continuing to restrict licenses meant that the FCC was mainly protecting incumbent companies at the expense of new entrants—and radio listeners.

### **New Radio Licenses**

To provide some beginning context for understanding the radio industry by the numbers, this section details how:

- New radio licenses continue to be issued, but at a slower pace than in previous decades, demonstrating the lack of free entry into the radio business.
- Many of the licenses have gone to a small group of owners, and as a group, new licensees are increasingly focused on Christian programming.
- Entry restrictions mean that radio is not a free market, and that “deregulation” was instead pro-incumbent regulation.

#### *New Radio Licenses Are Hard to Come By*

How hard is it to get a license for a new radio station from the FCC? Obtaining a license has traditionally been a difficult, years-long, and highly competitive process. The FCC has always decided how many new radio licenses to grant each year, and continues to do so. But since 1996, the FCC has allocated these new licenses by auctions for commercial stations and by a points system for noncommercial stations. The FCC now gets about 30,000 inquiries annually from prospective licensees, yet the FCC only grants about 200 new licenses nationwide each year. And the FCC has granted new licenses at a decelerating rate over the past decade. As Table 1-1 shows, the FCC granted only 177 new licenses per year from the end of 1995 through the end of 2005.<sup>3</sup>

<sup>3</sup> Source data: Media Access Pro, BIA Financial Networks, data as of November 2005. These figures do not correspond exactly to the figures available on the FCC's website; the differences depend on whether stations are considered to exist when licensed or when they have actually constructed their radio tower and begun broadcasting. The figures from the BIA database are preferable because they extend back to 1975, whereas the FCC's published figures only date back to 1990.



**Table 1-1. Number of FCC-Licensed Stations from 1975 to 2005  
and the Rate of New Licenses per Year over Each Decade.**

<b>Year</b>	<b>Total Number of Licensed Stations (AM and FM)</b>	<b>New Licenses per Year Over Previous Decade</b>
1975	7,472	---
1985	9,450	198
1995	11,734	228
2005	13,504	177

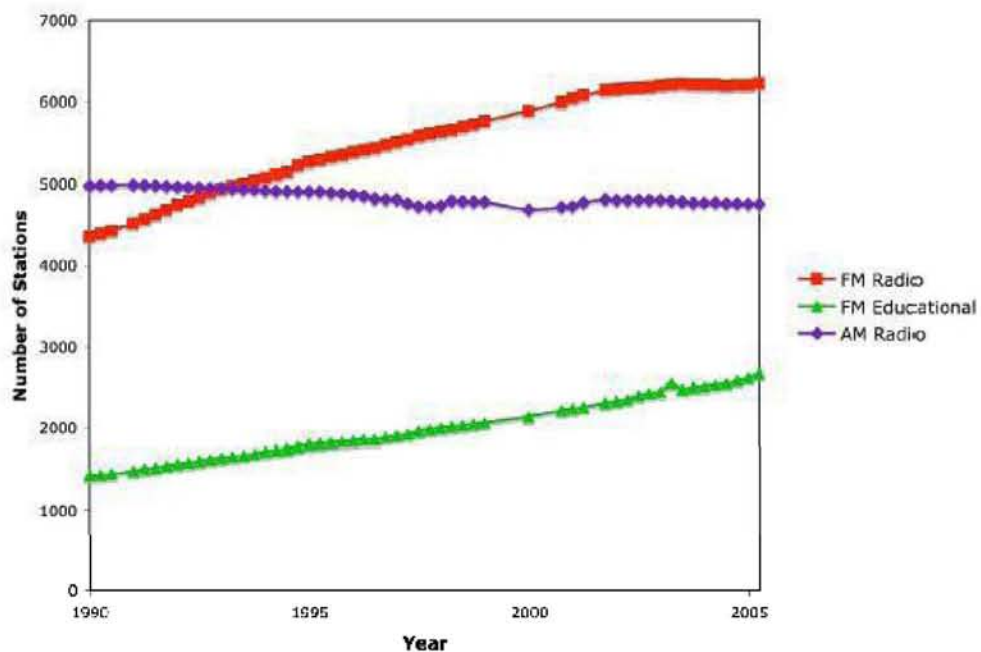
Radio licenses from the FCC are specific to an AM or FM frequency. Licensees must apply to the FCC to change frequencies or to increase the power or height of their broadcast tower (which both determine how far a station's signal reaches). Radio licenses also come with a classification of either commercial or noncommercial. The main difference is that the FCC prohibits noncommercial stations—also called “educational” stations—from broadcasting advertisements.

Figure 1-1 shows the total number of FM, FM-educational, and AM stations from 1990 to 2005.<sup>4</sup> During this period, the number of both commercial and noncommercial FM licensees grew, while the number of AM licenses decreased slightly. This decline in the number of AM stations may have occurred because stations went off the air or perhaps because licensees requested to switch from AM to FM. The percentage growth in FM-educational licenses was larger than that of commercial FM licenses. AM-educational licenses are rare and are not broken out in the FCC's numbers.

The data used to construct Figure 1-1 come from the FCC itself. These are, in fact, the only data on radio station ownership made available through the FCC's web pages. But it would be a stretch to say that even these data are *readily* available, since it required data from 55 separate pages to construct Figure 1-1. And these data don't tell you who owns the stations, or where the stations are—they only tell you how many stations have been licensed in total across the country. It's possible to download the many parts of FCC's complex relational database, which contains much more detailed engineering and ownership data. But the average citizen (or even the average researcher) cannot make much use of it without hours of work and lots of guidance.

<sup>4</sup> Source data: Federal Communications Commission (FCC), Licensed Broadcast Station Totals in the USA—1990 to Present, at <http://www.fcc.gov/mb/audio/totals/index.html> (last visited May 2nd, 2006).

Figure 1-1. AM, FM, and FM-Educational Stations, 1990-2005.



It is unfortunate that critical data is not available in a form that would allow citizens to understand the transformation of the radio industry. Only by purchasing expensive and proprietary data sets can one begin to track the changes that have transpired in radio with quantitative methods. It is also unfortunate that the majority of the more comprehensive data sets come from the industry itself. As a result, researchers and policy makers must evaluate the industry on the industry's own terms, based on the measures it chooses to create and distribute.

Thus, from here onward, this chapter (and this report) will mainly rely on data from industry sources. These data are proprietary and expensive, but can answer many more questions than the FCC's data. Primarily, this chapter will rely on information from Media Access Pro, a database created by BIA Financial Networks with information collected by surveying radio companies themselves.

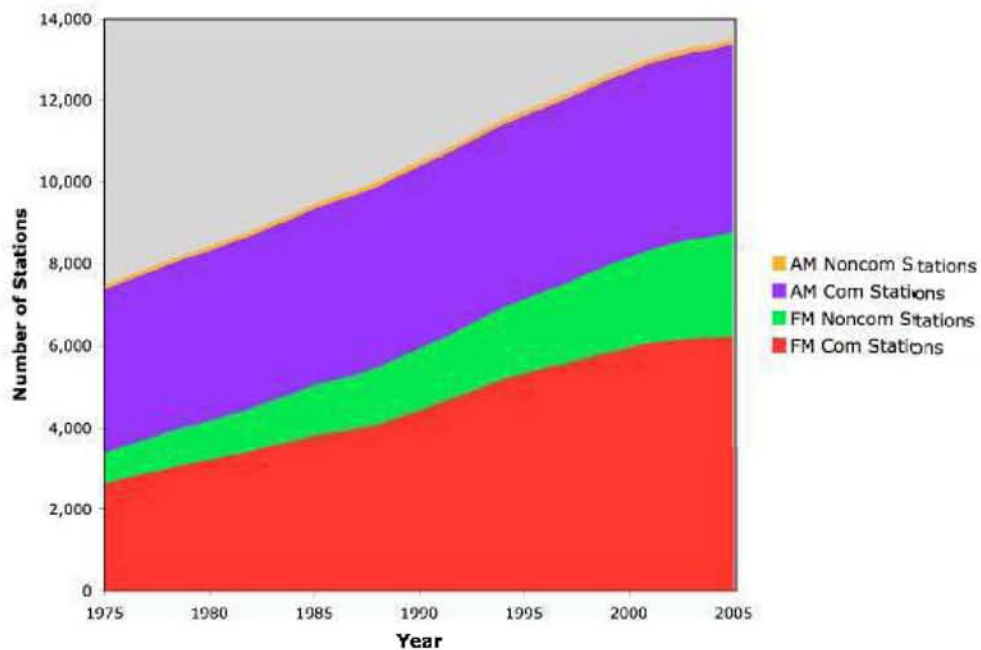
#### *The Total Number of Radio Stations in the U.S.*

Figure 1-2 shows a longer history of the number of licensed radio stations in the U.S., broken down into four categories by AM vs. FM and by commercial vs. noncommercial.<sup>5</sup> In Figure

<sup>5</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

1-2, unlike Figure 1-1, each category of stations is represented by an area, not just a line. These areas are then stacked on top of one another, so that the chart also shows the total number of stations in the U.S.—just over 13,500 stations at the end of 2005. Currently there are over 8,700 FM stations and over 4,700 AM stations. Among the FM stations, about 6,200 are commercial stations and about 2,500 are noncommercial (or educational). Among the AM stations, only 119 of them are noncommercial, leaving just under 4,600 commercial AM stations.

**Figure 1-2. FCC-Licensed Stations, 1975 to 2005.**



The message of Figure 1-2 is largely the same as that of Figure 1-1: new licenses have been going almost entirely to FM stations in recent years. But going back to 1975 provides a broader context for understanding the changes to radio of the last decade. Information for particular variables is not always available going that far back, even in the proprietary databases. Whenever possible, however, the analyses of this chapter will cover a three-decade span.

More importantly, Figures 1-1 and 1-2 show that the total number of radio stations in the U.S. is indeed growing. But a large portion of the growth involves noncommercial FM stations. With only a few dozen commercial FM stations receiving new licenses each year, entry into commercial radio is quite restricted. The average metropolitan area has only seen

a new commercial FM station once every three or four years. As a result, incumbent radio companies do not face new competitors very often.

#### *Who's Getting the New Licenses*

New licenses can create the opportunity to bring new individuals and organizations into the radio industry. These new licensees could bring fresh perspectives that would result in new programming to serve the diverse public interest. This becomes even more important in the context of consolidating ownership, as the incumbent companies get larger and the diversity of station ownership declines. (Chapter 3 will discuss the programming choices of large incumbents versus those of small companies and new entrants.)

So who are the new licensees in radio? Over the past ten years, a fairly large percentage of the new licenses have gone to just a few companies, as Table 1-2 describes.<sup>6</sup>

**Table 1-2. Owners of Newly Licensed Radio Licenses, 1996-2005.**

<b>Owner</b>	<b>Number of Stations</b>	<b>Percentage</b>
American Family Association	115	6.9%
Educational Media Foundation	51	3.1%
Calvary Satellite Network Int'l	26	1.6%
Flinn Broadcasting Corp.	15	0.9%
Family Stations	13	0.8%
Clear Channel Communications	12	0.7%
University of Wyoming	11	0.7%
Moody Bible Institute of Chicago	11	0.7%
Baker Family Stations	11	0.7%
New Life Evangelistic Center	9	0.5%
All others (1,062 different owners)	1,383	
<b>TOTAL</b>	<b>1,657</b>	<b>---</b>

The 115 stations licensed to American Family Association and the 51 stations licensed to the Education Media Foundation over the past ten years add up to 10 percent of the newly licensed stations, across AM and FM, commercial and noncommercial. Ten percent may not seem like an overwhelming number. But consider that when American Family Association receives 115 licenses (instead of, say, one), 114 other individuals, companies, and organizations do not get a license.

#### *FM Translators and Satellite Feeds*

Many of the leading acquirers of new noncommercial radio licenses have also taken advantage of *FM translator stations*. A translator receives signals from a full-power FM station and rebroadcasts that signal at a low power (250 watts or less). Some translators "fill

<sup>6</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

in” signals to parts of a full-power FM station’s designated broadcast area that are blocked by mountains or other features of the terrain, while others extend a full-power station’s broadcast area. There are no ownership restrictions on translators; specifically, the ownership restrictions that apply to full-power radio stations do not apply to translators.<sup>7</sup>

In 1990, the FCC changed the rules for how FM translator stations for noncommercial full-power FM stations could receive their signals. Before, translators had to receive their signal via terrestrial means, for example microwave, phone lines, or cable lines. But with the 1990 rule change, FM translators for noncommercial full-power FM stations could receive their signals via satellite.<sup>8</sup> To receive a license, FM translators still must have an association with a full-power FM station. But the ability to deliver signals by satellite made translators more attractive. And media-ownership limits have never applied to translators; an entity can apply for as many translators as it wants. Many noncommercial broadcasters—including the major acquirers of new noncommercial FM licenses like American Family Association, Educational Media Foundation, and Calvary Satellite Network—have accumulated many translators to go with their new full-power FM licenses.<sup>9</sup> These translators do not have to be in the same local market as their parent FM station. Their FM translators can now rebroadcast satellite feeds of those organizations’ programming, multiplying the impact of their new full-power licenses.

The companies and organizations that have obtained new radio licenses since 1996 have handled the application process skillfully, whether through auctions for commercial stations or through the points system for noncommercial stations. They have also taken advantage of the relaxed rules for how FM translators receive their signals. Taken together, the changes to the licensing process and the changes to the translator rules have increased consolidation in non-commercial radio. As a result, these changes might threaten competition, diversity, and localism and are cause for concern.

#### *Low-Power FM Stations*

Low-power FM stations are one mitigating factor in the increasing concentration of existing and even newly licensed full-power radio stations. Broadcasting with a power of 100 watts or less, these low-power station licenses are available only to noncommercial entities without other broadcast or newspaper holdings. Licenses for low-power FM stations first became

<sup>7</sup> Federal Communications Commission, “FM Translator and FM Booster Stations,” at <http://www.fcc.gov/mb/audio/translator.html>.

<sup>8</sup> Federal Communications Commission, Amendment of Part 74 of the Commission’s Rules Regarding Translator Stations, MM Docket 88-140, FCC 90-375, 5 FCC Rcd 7212 (1990), available at <http://www.fcc.gov/fcc-bin/assemble?docno=901204>.

<sup>9</sup> For documentation that these entities employ an FM-translator strategy, and a discussion of other issues related to FM translators in general, see DIYMedia.net, “God Squads Fall From Grace,” at <http://www.diymedia.net/feature/lpfm/f022505b.htm>.



available in January 2000.<sup>10</sup> As of June 30, 2006, the FCC's database indicated that 728 low-power FM stations were operational and that 341 more had obtained construction permits.<sup>11</sup>

Congress has limited the number of frequencies available for low-power FM stations. By statute, the FCC may only grant low-power FM stations at frequencies that are more than three frequencies away from any current full-power licensee's frequency (counting by increments of 0.2 MHz, as the FCC does when allocating spectrum). For example, if a full-power FM station is broadcasting at 91.5 FM in a particular city, then no low-power FM station can be licensed at 90.9, 91.1, 91.3, 91.7, 91.9, or 92.1.

The stated purpose of this "third adjacent channel" rule is to protect full-power licensees' broadcast signals from interference. But an engineering study commissioned by the FCC and conducted by the MITRE Corporation concluded that such concerns are unfounded—especially at a distance of three frequencies.<sup>12</sup> As a result, the restrictions on low-power FM licenses provide another example of entry restrictions. Congress is not protecting the integrity of full-power licensees' signal. Rather, the FCC is protecting incumbents from competition from local, independently owned low-power FM broadcasters.<sup>13</sup>

#### *Not Deregulation, but Pro-Incumbent Regulation*

The statistics in this section make plain that "deregulation" is a deceptive misnomer for what happened in radio in the 1980s and 1990s. Strong regulations on entry still exist in radio. The vast majority of would-be competitors do not obtain radio stations. Regardless of whether concerns about interference justify the FCC's entry restrictions, the economic effect is to make the radio industry an exclusive party that only two hundred new invitees per year can attend. Entry restrictions benefit incumbents, protecting them from the vagaries of true competition and facilitating their efforts to acquire an increasingly large fraction of all U.S. radio stations—as the next section describes.

<sup>10</sup> Federal Communications Commission, "Low Power FM Broadcast Radio Stations," at <http://www.fcc.gov/mb/audio/lpfm>.

<sup>11</sup> Federal Communications Commission, "FM Query Results," <http://www.fcc.gov/fcc-bin/fmq?state=&serv=FL&vac=&list=2> (visited June 30, 2006) (clicking the link begins a query of the FCC's engineering database that will deliver current results on all low-power FM station).

<sup>12</sup> According to Media Access Project, The Mitre Report found that: [1] eliminating third adjacent channel separation would not increase interference; [2] LPFM would have no impact on digital radio; and [3] there was therefore no need to consider the economic impact of LPFM on incumbent broadcasters." See Media Access Project, "Congress and LPFM," available at <http://www.mediaaccess.org/programs/lpfm/Congress.html> (last visited August 25, 2006). The Mitre Report itself is available at <http://www.freepress.net/lpfm/MitreReport.pdf> (last visited August 25, 2006).

<sup>13</sup> As of this writing, the Senate Commerce Committee had voted in support of an amendment to a large telecommunications bill that would allow the FCC to grant more low-power FM licenses. For updates, and for much more information on low-power FM radio, visit the website of the Prometheus Radio Project at <http://www.prometheusradio.org/>.

## When the Telecom Act Changed Everything

This section documents how:

- The Telecom Act resulted in an unprecedented wave of mergers and acquisitions.
- The number of companies that own radio stations peaked in 1995, just before the Telecom Act, and has declined dramatically over the past decade, despite hundreds of new licenses issued.
- Most of the decline in the number of owners occurred among owners of commercial stations.
- The number of owners of noncommercial stations, however, has only increased slightly since the Telecom Act.

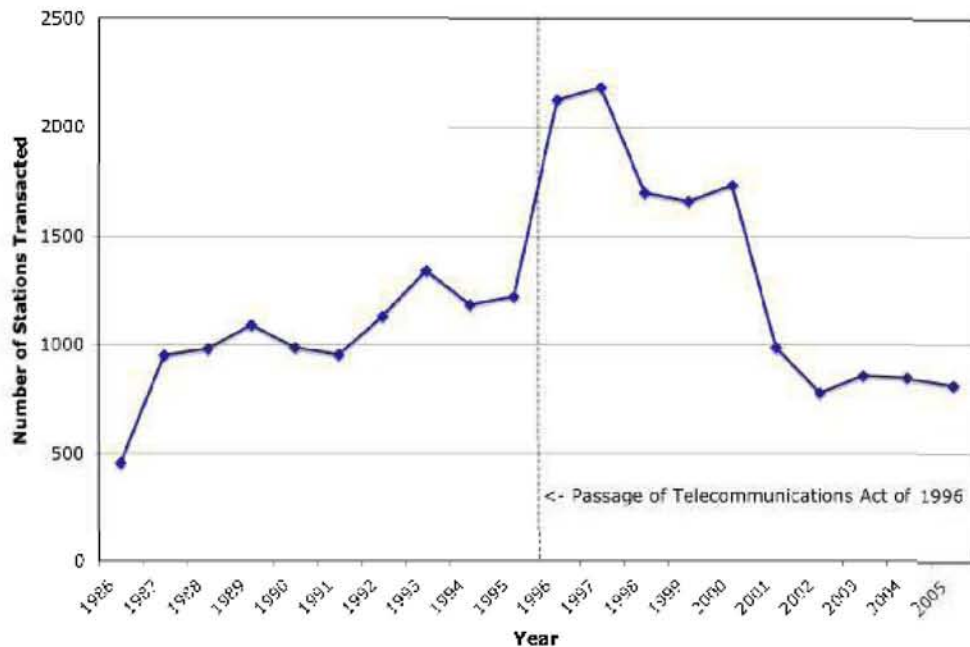
### *Mergers and Acquisitions in the Wake of the Telecom Act*

Powerful radio companies had much to do with passing the Telecom Act, and they prepared for its coming by planning for various mergers and acquisitions so that stations could start changing hands immediately after the law passed. These transactions took advantage of the radio companies' new ability to become national, rather than just local or regional, media companies. Radio stations have always switched owners from time to time—FCC regulations do not prohibit transfers of licenses, though transfers must be reported. But the Telecom Act unleashed an enormous number of mergers and acquisitions, as Figure 1-3 shows.

Figure 1-3 does not count the number of deals in each year; rather, it shows the number of stations that changed hands each year.<sup>14</sup> So, for example, a deal involving one station would count as one station transacted. A merger between a radio company with 100 stations and a radio company with 50 stations would count as 50 stations transacted. Graphing the number of stations transacted over time gives us a way to analyze the level of merger and acquisition activity in each year.

<sup>14</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

**Figure 1-3. Number of U.S. Stations Transacted in Mergers and Acquisitions, 1986-2005.**



Before 1992, the number of stations changing hands was typically around 1,000 stations per year. Between 1992 and 1996, that number increased to around 1,200 per year. Then, as Figure 1-3 shows, merger and acquisition activity spiked upward. During 1997 and 1998, the two years immediately following the Telecom Act, over 2,100 stations were transacted each year. From 1999 through 2001, around 1,700 stations changed ownership each year, still above pre-Telecom Act levels. Since 2002, however, the number of stations transacted each year has settled down to around 800 stations per year.

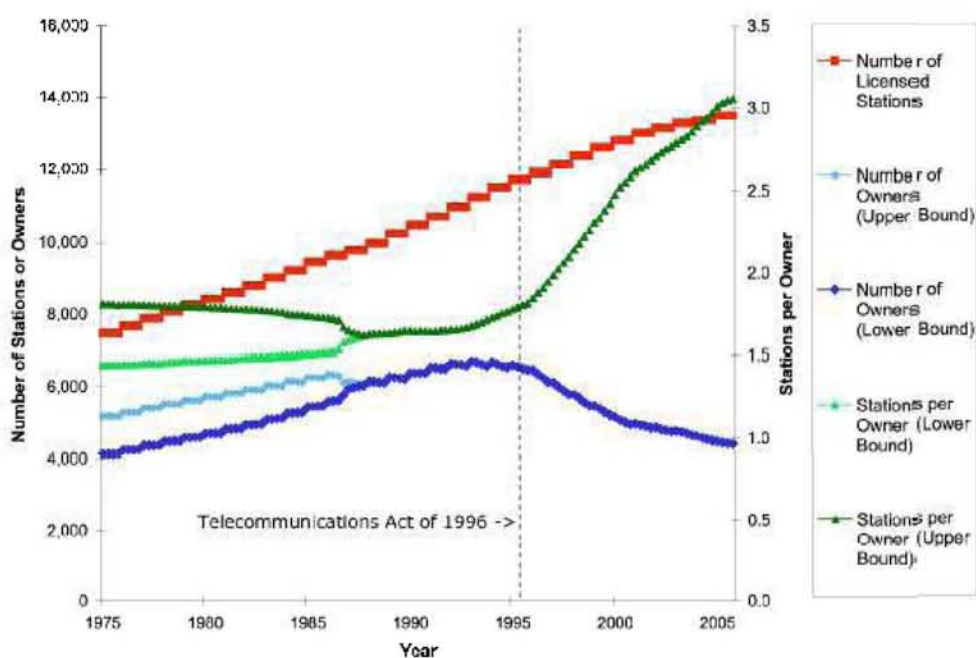
#### *A Growing Number of Stations—And a Shrinking Number of Owners*

The large number of mergers and acquisitions that occurred in the wake of the Telecom Act illustrates that the elimination of the National Radio Ownership Rule restructured the radio industry. Figure 1-4 charts the number of FCC-licensed stations against the number of owners of radio stations.<sup>15</sup> The red line charts the total number of stations in the U.S.—this just repeats the top outline of Figure 1-2. The blue line represents the number of owners over the same time period. The green line represents the number of stations per owner—the red line divided by the blue line.

<sup>15</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

For the years 1975 through 1987, the blue line and the green line split into two. The transaction data from BIA Financial Networks are incomplete for these years. We know who purchased the stations, but we don't always know who sold them. The "upper bound" on the number of owners represents what the number of owners would be if every single seller whose identity is unknown was an independent owner with just a single station to sell. The "lower bound" on the number of owners represents the opposite, that is, what the number of owners would be if every single seller whose identity is unknown was an owner of multiple stations and continued to own other stations after the sale.

**Figure 1-4. U.S. Radio Stations and Owners, 1975-2005.**



*Note: Read the red and blue lines, which depict the number of stations and the number of owners, against the left-hand axis. Read the green line, which depicts the number of stations per owner, against the right-hand axis.*

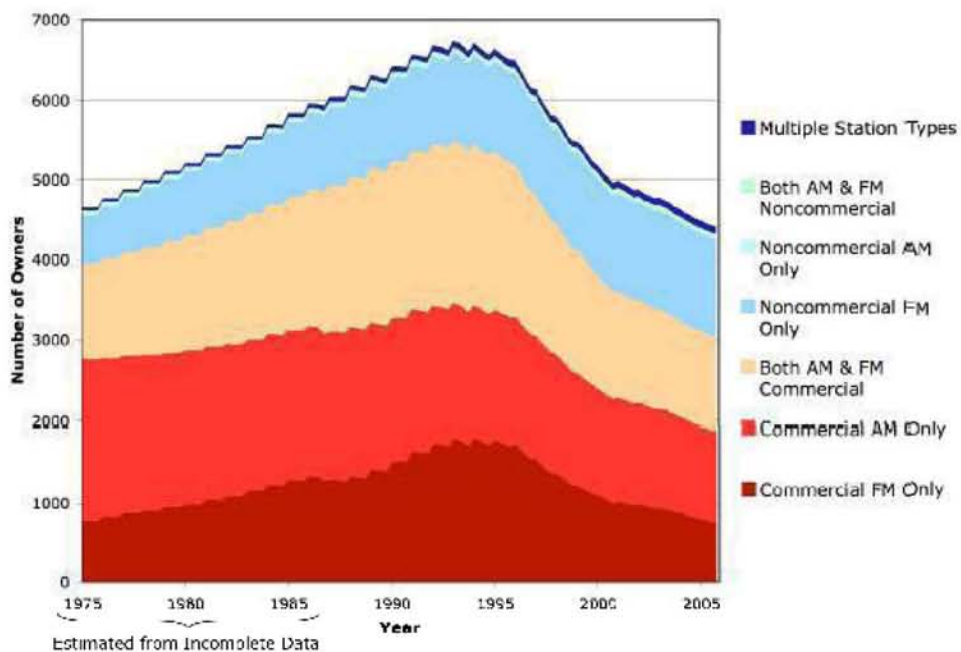
Figure 1-4 shows that the number of owners increased from 1975 to 1995. In 1975, approximately 4,000 to 5,000 distinct companies, organizations, and individuals owned radio stations in the U.S. That number gradually increased over the next two decades as the FCC licensed new stations, some of them to owners who had not previously owned any radio stations. But the number of owners peaked in early 1995 at just over 6,600 owners. This includes owners of all station types: AM and FM, commercial and noncommercial. After that peak, mainly after the Telecom Act, the number of owners declined precipitously, as the

blue line shows. At the end of 2005, the radio industry had just over 4,400 owners. The green line in Figure 1-4 shows that the number of stations per owner increased from about 1.75 to about 3.05 over this time period.

#### *Most Mergers Happened in the Commercial Sector*

Figure 1-5 takes the blue line from Figure 1-4, which represented the number of owners over time, and breaks the owners into seven categories: (1) those who own only commercial FM stations, (2) those who own only noncommercial FM stations, (3) those who own only commercial AM stations, (4) those who own only noncommercial AM stations, (5) those owning both commercial FM and commercial AM stations, (6) those owning both noncommercial FM stations and noncommercial AM stations, and (7) those owning a more complicated mix of stations (for example, both commercial and noncommercial FM stations).<sup>16</sup>

**Figure 1-5. Owners Categorized by Type of Stations Owned, 1975-2005.**



The bottom three red-tinted areas of Figure 1-5 grow until the mid-1990s and then shrink. This shows that consolidation has occurred mainly in the commercial sector, because the number of owners who own commercial FM, commercial AM, or both commercial FM and

<sup>16</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.



commercial AM stations has declined since the Telecom Act. From a peak of 5,529 owners of commercial stations in early 1993, the number of owners of commercial stations declined to a three-decade low of 3,134 by the end of 2005. That constitutes a 43 percent drop in the number of distinct companies, organizations, and individuals who own commercial radio stations in a little less than thirteen years.

Consolidation has occurred in the noncommercial sector as well. The number of owners of noncommercial stations exceeded 1,300 in early 1996, peaked at 1,393 in early 2003, and has decreased only slightly (to 1,369) since then.<sup>17</sup> That the number of noncommercial owners has held steady for a decade between 1,300 and 1,400—despite hundreds of new noncommercial licenses granted by the FCC over that time period—demonstrates two forces at work. First, some consolidation has occurred in the noncommercial sector since the Telecom Act. Second, as described earlier, a greater fraction of new licenses has gone to owners who already owned at least one, if not many, radio stations.

### **Concentration of Station Ownership**

This section looks at three decades of data to show that:

- The geographic reach of the largest radio companies has expanded over the last decade, suggesting a decline in locally owned broadcasting.
- Radio-station holdings of the ten largest companies in the industry increased almost ninefold from 1995 to 2005. Over that same period, holdings of the fifty largest companies increased more than fourfold.
- The largest radio company, Clear Channel, owned about 1,200 stations nationwide as of the end of 2005.<sup>18</sup>

#### *The Geographic Reach of the New Large Radio Companies*

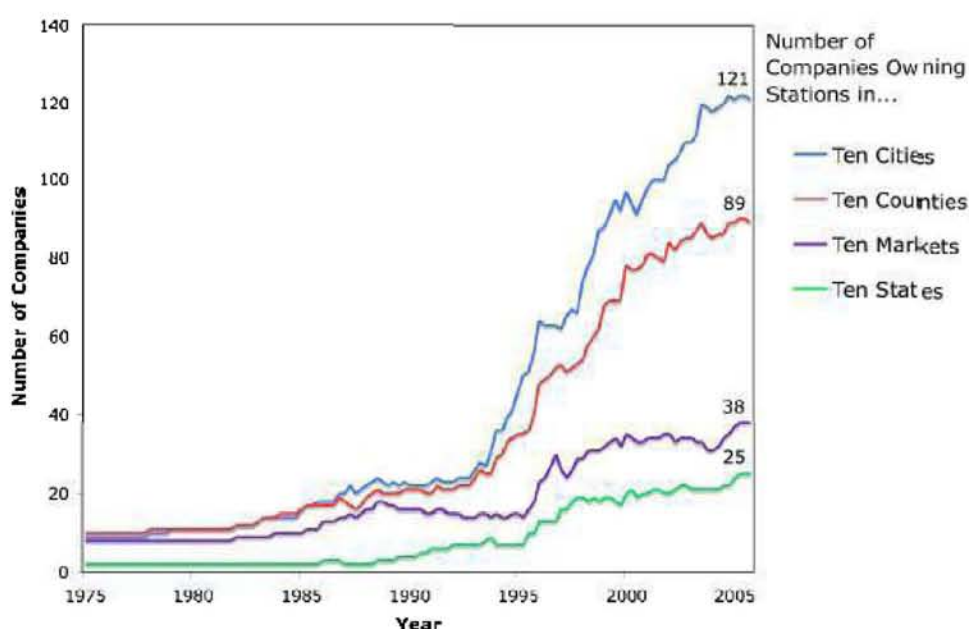
The previous section showed that a wave of mergers and acquisitions following the Telecom Act resulted in fewer entities having ownership of radio stations, and that most consolidation happened in the commercial sector. This section explores in more detail how consolidation of station ownership has changed the radio industry. Consolidation did not happen evenly among radio companies—it was not the case that each commercial company just bought one local competitor's stations, and left it at that. Rather, from the post-Telecom Act consolidation emerged national radio companies with broad geographic reach. And some radio companies came to own many more stations than others.

<sup>17</sup> The blue-tinted areas in Figure 1-5 represent noncommercial owners; those areas have approximately the same top-to-bottom height for the years 1996 through 2005.

<sup>18</sup> As discussed in the Introduction, Clear Channel announced in November 2006 that it would be purchased by a pair of private equity investors, Bain Capital Partners and Thomas H. Lee Partners. Angela Moore, "Clear Channel Agrees to \$18.7 Billion Buyout," *Marketwatch.com*, Nov. 27, 2006 (corrected version). We address the implications of this buyout below.

To study the geographic reach of a radio company, one can look at many different levels of geography within the U.S. We will focus on four different geographic levels: states, markets, counties, and cities, listed from largest to smallest. Among these terms, the “market” level may be unfamiliar and require some background. For purposes of this study, “market” refers to a geographic unit defined by the Arbitron Company.<sup>19</sup>

**Figure 1-6. Geographic Reach of Radio Companies, 1975-2005.**



A radio company might own stations in one or more states, one or more markets, and so on. The number of states, markets, counties, or cities in which a radio company owns stations provides a measure of that radio company’s geographic reach. To look at the geographic reach of companies across the entire radio industry, one can ask how many companies owned stations in say, 10 states or more, in 10 markets or more, and so on. Figure 1-6 displays the answers to precisely these questions.<sup>20</sup>

<sup>19</sup> Arbitron surveys radio listeners in about three hundred “markets” in the U.S. to rate stations according to estimates of how many people listen to them. Arbitron markets correspond roughly to metropolitan areas. Defining the geographic boundaries of a market allows people within the radio industry to talk about a station like WXRT’s ratings in the “Chicago market.” The Chicago market as defined by Arbitron isn’t limited by Chicago’s city limits—in fact, the Arbitron market for Chicago includes Cook County (which contains Chicago) as well as adjacent counties (or parts of them).

<sup>20</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

As of 1975, before the regulatory changes of the 1980s and 1990s, Figure 1-6 shows that: only 2 companies owned stations in ten different states; only 8 companies owned stations in ten markets; only 10 companies owned stations in ten counties; and only 9 companies owned stations in ten cities. The number of radio companies with a wide geographic reach expanded gradually over the next two decades or so, until the FCC relaxed the National Radio Ownership Rule in 1992 and 1994. At that point, both the number of companies with stations in ten counties and the number of companies with stations in ten cities began to grow (the top two lines in Figure 1-6).

Since the Telecommunications Act of 1996, the number of radio companies with wide geographic reach has grown considerably, as measured by all four geographic levels included in Figure 1-6. At the end of 2005, an unprecedented 121 companies spanned at least ten cities; 89 companies spanned at least ten counties; 38 companies spanned at least ten markets; and 25 companies spanned at least ten states.

#### *Clear Channel and the Dramatic Growth of the Largest Radio Companies*

The size of radio companies has increased dramatically over the past decade. Table 1-3 shows the ten largest owners as of 1995 and the ten largest owners as of 2005, as well as the number of stations owned.<sup>21</sup> The largest single owner of radio stations, Clear Channel, owned 1,184 stations at the end of 2005.<sup>22</sup>

**Table 1-3. Top Ten Owners by Number of Stations Owned, 1995 and 2005.**

<b>Rank</b>	<b>1995 Top Ten Owners</b>	<b>Stations Owned</b>	<b>2005 Top Ten Owners</b>	<b>Stations Owned</b>
<b>1</b>	Clear Channel	39	Clear Channel	1,184
<b>2</b>	Family Stations	37	Cumulus	295
<b>3</b>	Salem Comm. Corp.	30	Citadel	223
<b>4</b>	Evergreen Media Corp.	30	Infinity	178
<b>5</b>	Minnesota Public Radio	28	Educational Media Foundation	138
<b>6</b>	James Ingstad	28	American Family Ass'n	113
<b>7</b>	Bible Bestg. Ntwk	28	Salem Comm. Corp.	106
<b>8</b>	American Radio Systems	24	Entercom	103
<b>9</b>	Saga Communications	23	Saga Communications	86
<b>10</b>	River City Bestg.	23	Cox Radio	78

<sup>21</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

<sup>22</sup> In November 2006, in conjunction with the announcement of the private equity buyout of Clear Channel, it was reported that Clear Channel would sell off 448 of its stations. The stations to be sold off would be those located outside the top 100 markets. See Angela Moore, "Clear Channel Agrees to \$18.7 Billion Buyout," *Marketwatch.com*, Nov. 27, 2006 (corrected version).

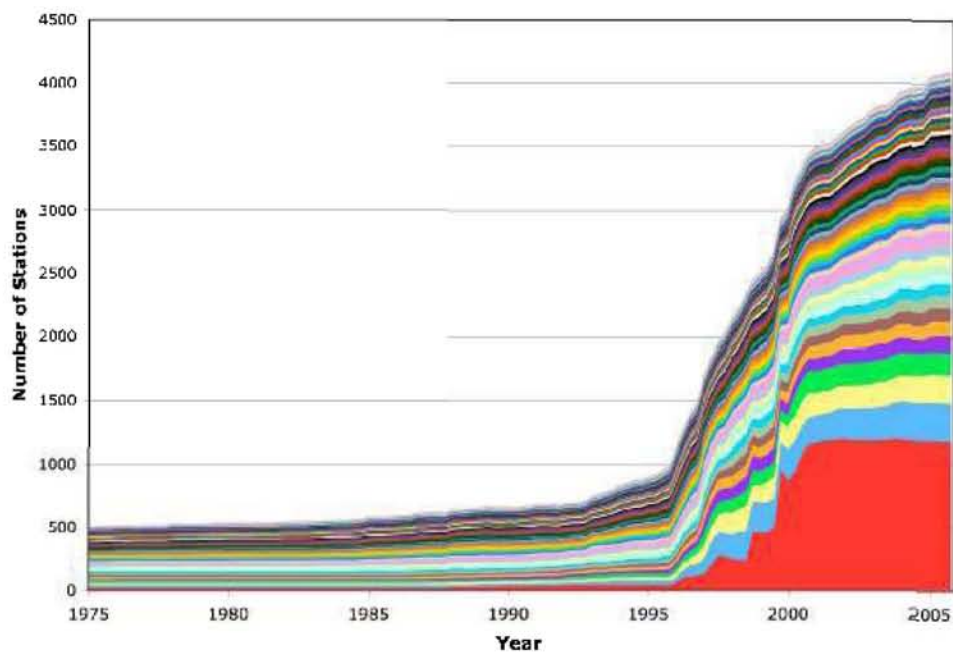
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Clear Channel also controlled and managed an additional 16 stations through legal devices known as **local marketing agreements**, or **LMAs**. (Two of the stations Clear Channel owns appear to be managed by other companies through LMAs). At its peak, Clear Channel owned 1,205 stations and controlled a few dozen more through LMAs, but has since sold off a small fraction of its radio-station portfolio. The FCC does not prohibit LMAs, though they require radio companies to report them. Thus, even prior to the Telecom Act, the FCC allowed a business practice to undermine somewhat the purpose of the national ownership cap. LMAs became less important when the cap was relaxed and then eliminated. But the practice continues to allow some additional consolidation.

*The Fifty Companies with the Largest Number of Stations Over Time*

The distribution of stations across these growing radio companies has not been equal. Figure 1-7 shows the total number of stations held by the fifty largest owners over the last three decades.<sup>23</sup>

**Figure 1-7. Number of Stations Owned by the Top 50 Owners, 1975-2005.**



<sup>23</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

For each year, Figure 1-7 shows the number of stations owned by whichever fifty companies were largest at that particular point in time. Each colored area corresponds to one ranking of owners by size. For example, the red area at the bottom of the graph corresponds to the largest owner at each point in time; the blue area second from the bottom corresponds to the second-largest owner at each point in time; and so on.

Figure 1-7 looks like a rainbow ribbon. Two conclusions from this graph are most important. First, the width of the entire ribbon grows considerably over time. In 1975, the fifty largest radio owners owned a total of 512 stations. That total grew to 589 stations by 1985, and to 984 stations by 1995. In 2005, the number of stations owned by the fifty largest radio owners reached 4,097 stations—a fourfold increase in the last decade.

Second, some of the colored stripes in the ribbon are wider than others, and get wider over time. The ten stripes on the bottom are the widest. The ten largest radio owners totaled 290 stations in 1995, but the 2,504 stations in 2005, representing an almost ninefold increase in the station holdings of the ten largest owners over the past decade. Such intensive consolidation of ownership represents a dramatic change for the radio industry.

### **Concentration of Commercial Market Shares in Revenue and Listenership**

Using data from before the Telecom Act to the present day, this section details how, among commercial stations:

- National concentration of advertising revenue increased from 1993 to 2004, from 12 percent market share for the top four companies to 50 percent market share for the top four.
- National concentration of listeners continued in 2005—the top four firms have 48 percent of the listeners, and the top ten firms have almost two-thirds.
- Both revenue and listenership concentration could increase because of the ABC/Disney–Citadel merger, the Cumulus Media Partners purchase of Susquehanna, and the Clear Channel buyout in 2006.

#### *Unequal Shares of Listeners Among Radio Companies*

So far this chapter has discussed concentration in the radio industry as a matter of companies accumulating more radio stations. But not all radio stations are equally valuable, for two reasons. First, different stations acquire different kinds of licenses from the FCC in terms of how and where the FCC will allow the station's antenna to broadcast. Those differences—AM or FM, high or low wattage, tall or short tower, and so on—affect how many listeners a radio station can reach with its broadcast signal. Second, different stations will be more popular among listeners than others. Many factors might determine how many people listen to a station, such as: the type and quality of programming on the station; the station's place in the range of AM or FM frequencies (which corresponds to being on the left, middle, or right of the dial on older-style radios); the history of how many people have been in the habit of



tuning into the station; and the amount of advertising the radio station does or buys for itself, for instance, over the air or on billboards.

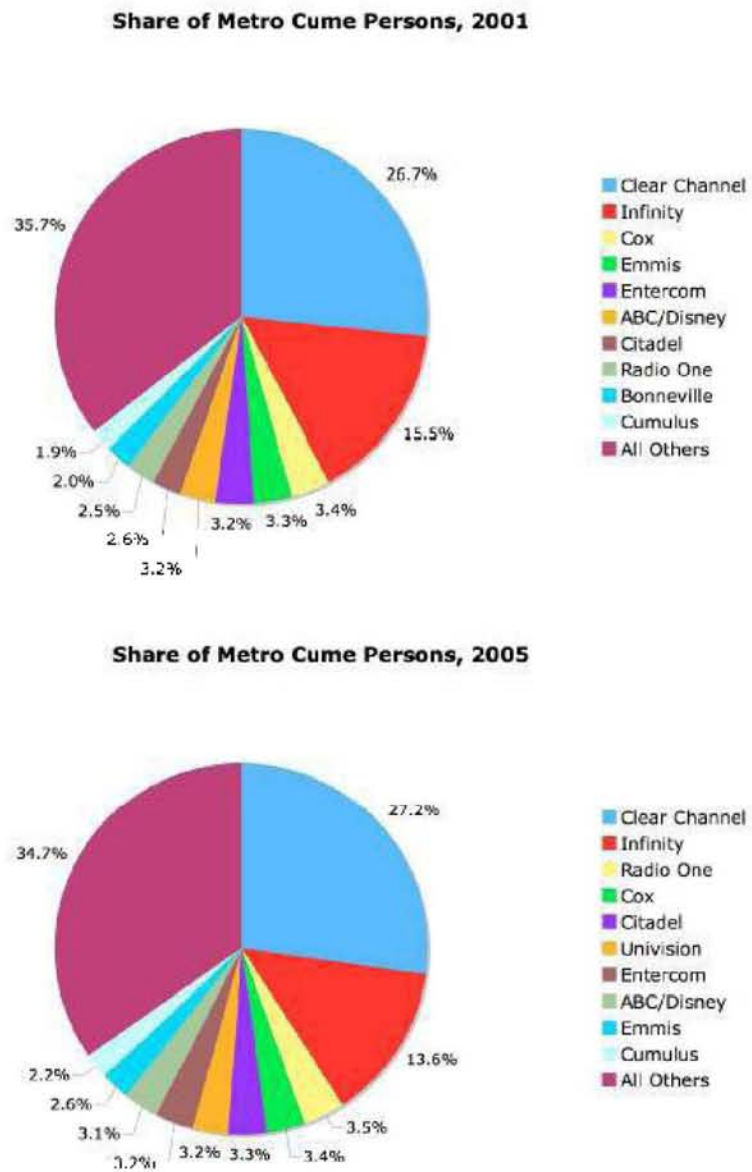
Stations with more listeners will be more attractive to advertisers and thus will get more advertising revenue, all else equal. So measuring listenership and station revenue helps one understand a station's economic and social influence. Stations that reach more listeners might therefore have a larger role in providing entertainment, disseminating news and information, or other cultural activities. Furthermore, radio companies that own stations with more total listeners and greater total advertising revenue will have a larger influence in the radio industry and in society generally.

Figure 1-8 shows the concentration of commercial radio listenership nationwide in 2001 and 2005 as a pie chart.<sup>24</sup> Listenership is measured by the Arbitron Company in a statistic called "metro cume persons," which estimates the number of individual people who listened to a station for at least five minutes within a fifteen-minute period. The national share of listeners for a particular radio company is the sum of the metro cume persons for each station the company owns divided by the total number of metro cume persons for all U.S. stations. In Figure 1-8, the top ten radio companies' shares of listeners are broken out into separate slices of the listenership pie; the figure denotes the remaining thousands of companies and organizations as "all others."

Measuring radio concentration by listener share, as in Figure 1-8, shows even greater concentration than simply measuring by the number of stations owned. Clear Channel's share of nationwide listeners exceeded 27 percent by 2005, having grown slightly since 2001. Infinity, formerly a subsidiary of Viacom and now called CBS Radio, saw its listener share decline from 15.5 percent to 13.6 percent over four years. But many of the other top-ten radio companies saw growth in their listener share over the last four years. Overall, the top ten radio companies had a total market share of 65.3 percent in 2005, up slightly from 64.3 percent in 2001.

<sup>24</sup> Listener ratings data are only available for commercial stations in the BIA Financial Networks database. Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

Figure 1-8. National Share of Radio Listeners, Commercial Sector, 2001 and 2005.



Unfortunately, statistics on metro come persons at regular intervals over a longer historical period are not easily available. But Figure 1-8 does provide suggestive information about the Telecom Act's effect on listener share, since Clear Channel could not have enjoyed 27 percent market share nationwide when it owned just 39 stations back in 1995.

#### *How Concentration of Revenue Share Has Increased Over Time*

Fortunately, estimates of annual advertising revenue for each radio station are available on a yearly basis dating from before the Telecom Act.<sup>25</sup> Measures of revenue concentration apply only to the commercial sector; BIA Financial Networks does not estimate station-level revenue for noncommercial entities.

Table 1-4 shows revenue market share statistics for the earliest and latest years currently available, 1993 and 2004.<sup>26</sup> Note that, for the 1993 statistics, "Infinity Broadcasting" and "Infinity Broadcasting Corporation" are listed as separate entities. BIA Financial Networks explains that corporate entities that are either totally distinct or that are related but structured or financed in different ways have been distinguished in their database by keeping or leaving out suffixes like "Corporation," "Company," "Incorporated," and the like.

**Table 1-4. Top Ten Commercial Owners by Estimated Revenue of Stations Owned.**

Rank	1993 Top Ten Owners	Revenue (\$000)	Market Share	2004 Top Ten Owners	Revenue (\$000)	Market Share
1	CBS	235,900	3.8%	Clear Channel	3,560,125	26.3%
2	Capital Cities/ABC	226,600	3.7%	Infinity	2,207,500	16.3%
3	Lehman Brothers	160,200	2.6%	Cox Radio	485,600	3.6%
4	Infinity Bestg. Corp.	113,900	1.8%	Entercom	479,125	3.5%
5	Shamrock Holdings	105,000	1.7%	ABC/Disney	454,700	3.4%
6	Westinghouse Bestg.	101,400	1.6%	Citadel	406,957	3.0%
7	Clear Channel	99,970	1.6%	Radio One	375,500	2.8%
8	Infinity	97,800	1.6%	Univision	325,275	2.4%
9	Bonneville Int'l	92,400	1.5%	Cumulus	321,275	2.4%
10	Cox Radio	91,150	1.5%	Emmis	311,175	2.3%

One can go beyond Table 1-4 to look instead at how aggregate measures of nationwide consolidation have changed in recent years in the commercial sector. This chapter considers four different measures of concentration over time. Three of the measures are **concentration ratio** measures, or **CR** measures for short. A concentration ratio simply involves adding up the market shares of a certain number of companies. For example, the abbreviation "CR2"

<sup>25</sup> BIA Financial Networks estimates the amount of advertising revenue each station collects each year. Actual accounting records of station revenue are either not reported on a station by station basis by large radio companies or, for small companies, are not required to be reported in public financial statements. Note that radio companies may have revenue from other sources beyond advertising; BIA's measure does not purport to include those other sources.

<sup>26</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

refers to the particular concentration ratio that is the total market share of the two companies with the greatest market share. “CR10” would refer to the total market share of the top ten companies, as mentioned earlier with regard to Figure 1-8.

The other measure of concentration is the sum of the squared market shares of every radio company. Economists and antitrust lawyers call this the **Herfindahl-Hirschman index**, or **HHI**. This measure is useful because it can distinguish between an industry with one dominant company and an industry with a few large companies (but no single dominant company). One might think that the fast-food hamburger industry, with McDonald’s, Burger King, and Wendy’s, has important differences compared to the computer operating system industry, which Microsoft has long dominated. The concentration ratio measures can miss these differences.

Consider an example with two industries. In the first industry, the very large company might have 99 percent market share while the small company has 1 percent. The HHI for that industry would be the sum of the squared market shares, that is,  $(99)^2 + (1)^2$ , or 9802. In the second industry, the equally large companies each have 50 percent market share. There, the HHI would be  $(50)^2 + (50)^2 = 5000$ . The HHI in the first industry is almost twice as large, telling us that the first industry has much greater concentration than the second. Now compare the CR2 measure in both industries. The CR2 would be 100 for both (either  $99 + 1$  or  $50 + 50$ ), obscuring the important difference in concentration. While the CR measures are easier to calculate and understand, the HHI measure provides valuable information about the relative sizes of the largest firms, not just the total market share of the largest firms.

When evaluating mergers, the Justice Department uses a rule of thumb that an industry of an HHI between 1000 and 1800 is concentrated, enough to warrant some concern about any future mergers. (An HHI greater than 1800 is highly concentrated.) Some economic theories predict that, in a concentrated industry, companies can artificially raise prices, stifle would-be competitors, or reduce the quality of their products or services.

In Figure 1-9, the HHI based on the revenue market shares in the radio industry is plotted as a red line against the left-hand axis (ranging from 0 to 1400).<sup>27</sup> The CR2, CR4, and CR10 measures are plotted against the right-hand axis. All four measures start very small and increase rapidly between 1995 and 2000, before declining somewhat from 2001 to 2004.

<sup>27</sup> Source data: Media Access Pro (Radio Version), BIA Financial Networks, November 2005 data.

**Figure 1-9. Four Measures of Revenue Concentration in Radio's Commercial Sector, 1993-2004.**

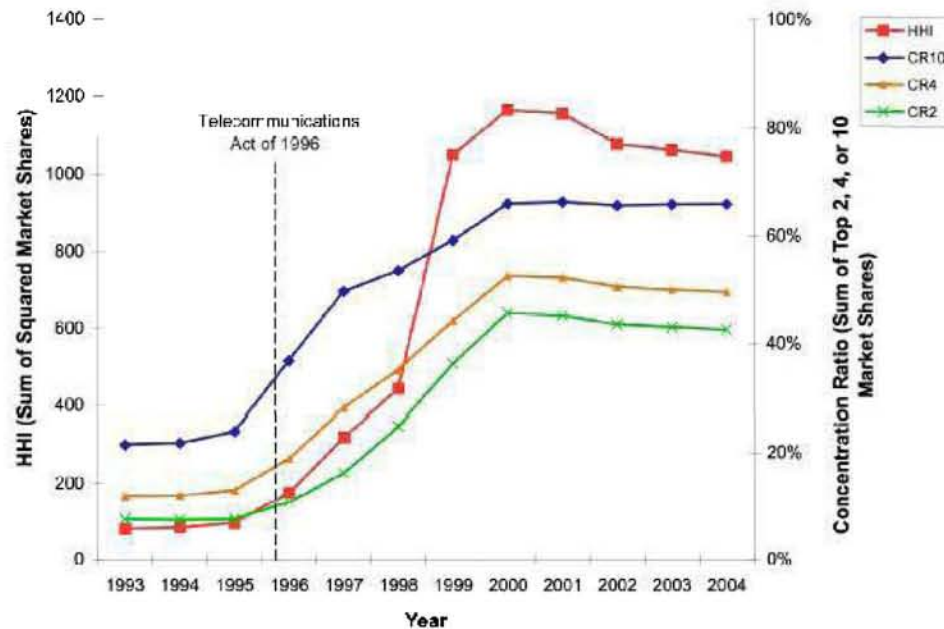


Figure 1-9 shows that nationwide concentration in the radio industry merits concern. In 1993, the HHI for the radio industry was 81. In 2004, the HHI for radio was 1046—down from a peak of 1166 but still within the range of caution according to the Department of Justice's merger guidelines.

More broadly, Figure 1-9 represents what happened when the Telecom Act eliminated the National Radio Ownership Rule. The radio industry changed from an unconcentrated industry to a concentrated industry in a matter of just five years.

### **The Telecom Act Has Failed Radio on All Fronts**

To provide a sense of what has resulted from the increased concentration of ownership, this section shows that:

- Across 155 markets, radio listenership has declined over the past fourteen years for which data are available, a 22 percent drop since its peak in 1989.
- Large radio companies are not, in general, more efficient at creating revenue with their ratings, showing that bigger is not necessarily better.



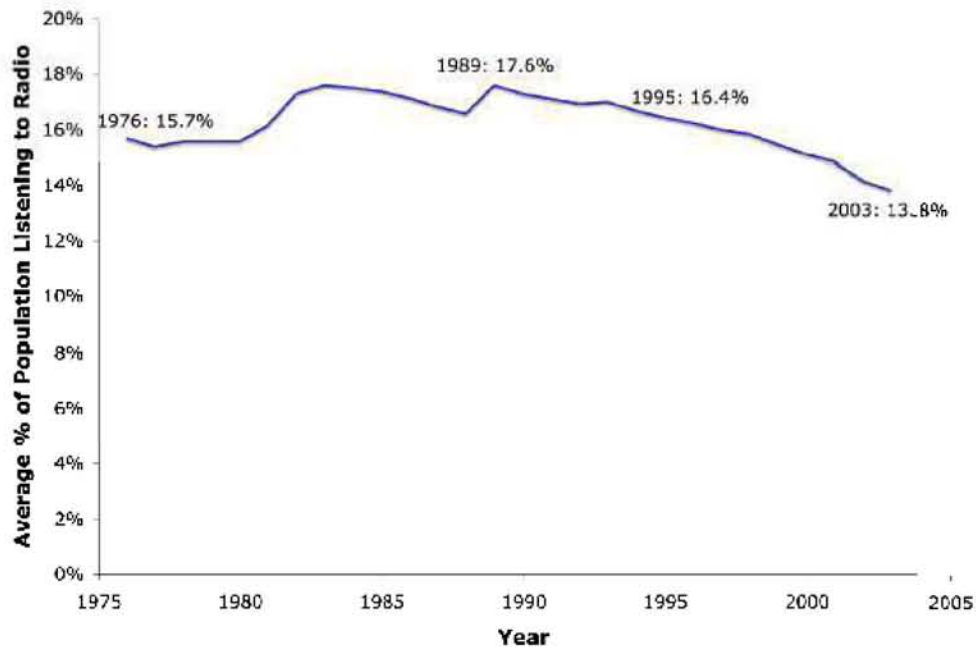
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### *The Long Decline in Radio Listening*

An obvious and important measure of radio's popularity is how many people tune in to listen. A radio-industry statistic called the **Average Person Rating**, or **APR**, provides one measure of listenership. It refers to the percentage of the population listening to radio within a market at any particular moment, across both commercial and noncommercial stations. Jim Duncan of Duncan's American Radio has collected APR statistics for 155 markets from 1976 to 2003. Figure 1-10 present the average APR across those 155 markets over that time period.<sup>28</sup>

Figure 1-10 shows that radio listenership, as measured by the average APR across markets, peaked at 17.6 percent in 1989, declining to a historic low of 13.8 percent in 2003 (the last year for which these data are available). This represents a 22 percent decline in APR over fourteen years. From its level of 16.4 percent in 1995, just before the Telecom Act, the average APR across markets declined 16 percent.

**Figure 1-10. Radio Listenership as Measured by Average APR (Average Person Rating) Across 155 Markets, 1976-2003.**



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<sup>28</sup> Source data: James H. Duncan, Jr., *An American Radio Trilogy 1975 to 2004, Volume One: The Markets* (2005).

Most of the decline in listenership has occurred during the time of rapid consolidation of station ownership that this chapter has documented. If greater consolidation served the listening public well, one would expect radio listenership to have increased, to have stopped decreasing, or at the very least to have decreased at a slower pace. But in fact, the decline in radio listenership has accelerated during the post-Telecom Act period of consolidation.

The decline in listenership may have several different causes. But because the decline began

**Table 1-5. Power Ratio of Top Ten Owners, 2001 and 2005.**

<b>Rank</b>	<b>2001 Top Ten Owners</b>	<b>Stations Owned</b>	<b>Power Ratio</b>	<b>2005 Top Ten Owners</b>	<b>Stations Owned</b>	<b>Power Ratio</b>
<b>1</b>	Clear Channel	1,198	1.07	Clear Channel	1,184	1.06
<b>2</b>	Cumulus	237	1.04	Cumulus	298	1.04
<b>3</b>	Citadel	178	1.06	Citadel	223	1.08
<b>4</b>	Infinity	176	1.18	Infinity	178	1.20
<b>5</b>	Entercom	98	1.05	Salem Comm.	104	1.00
<b>6</b>	Salem Comm.	82	1.24	Entercom	103	1.05
<b>7</b>	Cox Radio	78	1.11	Saga Comm.	86	1.10
<b>8</b>	Radio One	62	0.72	Cox Radio	78	1.01
<b>9</b>	Regent Comm.	61	1.04	Regent Comm.	74	1.03
<b>10</b>	NextMedia Group	56	0.86	ABC/Disney	72	0.94
<b>---</b>	<b>INDUSTRY AVG.</b>	<b>---</b>	<b>1.05</b>	<b>INDUSTRY AVG.</b>	<b>---</b>	<b>1.04</b>

The evidence for the theory that bigger radio companies get a greater share of advertising revenue relative to their share of listeners is mixed. In both 2001 and 2005, five companies within the group of top ten radio companies were at or below the industry average in power ratio. Looking at the two largest radio companies by listenership and revenue, one sees that the average Clear Channel station has a power ratio only slightly above the industry average, while the average Infinity station has a consistently higher-than-average power ratio.

Statistically, the correlation between the average power ratio for a company's stations and the number of stations that company owns lies between 0.006 and 0.008 (on a scale from 0 to 1) depending on the year. This is a weak correlation, certainly too weak to justify the sweeping changes like those the Telecom Act brought to radio. The power ratio measure provides little evidence that bigger radio companies turn listeners into advertising revenue any more efficiently than smaller ones.

This failure of the largest radio companies to deliver greater advertising revenue per listener might explain partially the sagging stock price of companies like Clear Channel, whose share price is at its lowest level in nearly seven years and has exhibited a steady downward trend since its peak in late 2001. The stock prices of Citadel, Cumulus, Emmis, Entercom, and Radio One display similar downward trends over the past two to five years, depending on the company and when its stock went public.

#### *Media Company Break-Ups and What They Mean*

On November 16, 2006, private equity firms announced that they will pay \$19 billion in cash plus \$8 billion in assumption of debt to purchase Clear Channel.<sup>29</sup> According to early reports, the new owners plan to sell off Clear Channel's television stations as well as 448

<sup>29</sup> Angela Moore, "Clear Channel Agrees to \$18.7 Billion Buyout," *Marketwatch.com*, Nov. 27, 2006 (corrected version).

radio stations in medium- and small-sized markets.<sup>30</sup> The buy-out comes on the heels of Clear Channel separating its radio/television business from its billboard business and spinning off its concert-venue business in 2005.<sup>31</sup> Providing additional context for questions about the value of media mergers, Viacom also recently split itself into two halves. The new CBS half took over the radio, billboard, and network-television properties and the new Viacom half took over the movie and cable-television properties.<sup>32</sup> Since the split, CBS's chief executive has discussed selling off some of its radio stations.<sup>33</sup>

These developments provide even more evidence that economies of scale in radio did not materialize. Why not? One explanation is that *diseconomies* of scale are just as possible as economies of scale in theory and in practice. Large, national companies might have a harder time meeting local listeners' needs, managing their employees effectively, or responding quickly to challenges from competitors. In a recent *New Yorker* article, finance and economics columnist James Surowiecki has pointed out that the top two companies in an industry often waste resources and attention on crushing each other, rather than serving customers or even achieving profitability.<sup>34</sup> He uses the recent technological "arms race" between Microsoft and Sony in the video-game industry to show that having the biggest market share can actually lead to lower profit margins.

Surowiecki's story fits Clear Channel's experience to a tee. Acquiring a massive number of radio stations—including a virtual monopoly in the small Casper, Wyoming market—was part of the bigger-is-better strategy. Clear Channel could offer something its next-largest radio competitor could not: advertising time in almost 200 markets. Advertisers with products to distribute nationally would, in theory, benefit from an offer of one-stop shopping or volume discount pricing. But the extended decline in Clear Channel's stock price shows that this version of the bigger-is-better strategy has not translated into profits.

Another aspect of Clear Channel's bigger-is-better strategy was to acquire holdings in other media beyond radio. With television stations and billboards, Clear Channel could offer advertising time or space on multiple platforms. And with its concert-venue holdings, it planned to cross-promote musicians' concerts, radio appearances, and radio airplay. But these cross-media mergers have not succeeded either, even in business terms. What's worse, such strategies have led to allegations of illegality. In addition to their attempts to take advantage of economies of scale, Clear Channel's strategy has also involved: accepting

<sup>30</sup> Press Release, "Clear Channel Announces Plan to Sell Radio Stations Outside the Top 100 Markets and Entire Television Station Group," November 16, 2006, *available at* <http://www.clearchannel.com/Corporate/PressRelease.aspx?PressReleaseID=1825> (last visited December 2, 2006).

<sup>31</sup> Press Release, "Clear Channel Communications Announces Planned Strategic Realignment of Businesses to Enhance Shareholder Value," April 29, 2005, *available at* <http://www.clearchannel.com/Corporate/PressRelease.aspx?PressReleaseID=1438> (last visited December 2, 2006).

<sup>32</sup> See, for example, "Sumner Scores Split Decision," *Daily Variety*, June 15, 2005, p. 1.

<sup>33</sup> "CBS, After Viacom Split, Posts Soft Profit Amid Radio Weakness," *Wall Street Journal*, April 27, 2006, p. B2.

<sup>34</sup> James Surowiecki, "In Praise of Third Place," *New Yorker*, December 4, 2006, p. 44.

payments from independent promoters on behalf of record companies seeking airplay for their artists (the new form of payola);<sup>35</sup> using their businesses outside radio to pressure musicians and discriminate against other owners of radio stations;<sup>36</sup> and employing questionable accounting practices.<sup>37</sup>

Radio companies of unprecedented size have, by definition, reduced competition in the true economic sense of having multiple companies competing on a level playing field. They have even failed to generate benefits for investors. In light of this, Congress and the FCC should become skeptical about the need for “regulatory relief” to allow media companies to grow even larger than they already are. Furthermore, now that 448 Clear Channel stations might be on the selling block, the FCC should consider directing that these stations go to small, independent, local, or minority owners. A precedent for such action exists in proposed FCC initiatives to promote minority ownership of media outlets<sup>38</sup> and in the FCC’s general power over the licensing process, discussed earlier in this chapter. Thus, the recent media breakups offer a chance for the FCC to take the initiative and play an extremely positive role in enhancing competition, localism, and diversity in radio.

<sup>35</sup> Clear Channel admitted using independent promoters until 2003, when it ceased the practice while denying its illegality. Then, as a result of the New York State Attorney General’s investigation of payola, Clear Channel dismissed two employees named in the evidence against the record companies. See Ken Tucker and Katy Bachman, “CC Axes Two After Payola Probe,” *Mediaweek.com*, October 12, 2005, at [http://www.mediaweek.com/mw/news/recent\\_display.jsp?vnu\\_content\\_id=1001304228](http://www.mediaweek.com/mw/news/recent_display.jsp?vnu_content_id=1001304228) (last visited December 2, 2006). The investigation by the New York State Attorney General has expanded from the record companies to the radio companies. Separate settlement talks with the FCC continue. See Brian Ross, “Radio Conglomerates in Talks to Settle Payola Probe,” *ABCNews.com*, April 3, 2006, at <http://abcnews.go.com/Business/story?id=1800141&page=1> (last visited December 2, 2006).

<sup>36</sup> Clear Channel executives have reportedly threatened to deny musicians airplay on their radio stations if the musicians do not perform at Clear Channel venues on tour. The company has also refused to continue distributing content produced by Premiere Networks, which Clear Channel owns, to non-Clear-Channel radio stations. See Eric Boehlert, “Radio’s Big Bully,” *Salon.com*, April 30, 2001 (last visited December 2, 2006).

<sup>37</sup> Clear Channel’s concert business, now spun off and named Live Nation, has been embroiled in a lawsuit with the city of Mountain View, California, for racketeering, fraud, and theft of public funds, among other charges. See Ray Waddel, “Audit Bad News for Clear Channel,” *Billboard*, September 28, 2005.

<sup>38</sup> See, for example, Senator John McCain’s proposed tax certificate program, Telecommunications Ownership Diversification Act of 2003, S.267, 108th Congress; or former FCC Chairman William Kennard’s proposed initiatives, Office of the Chairman, “Studies Indicate Need to Promote Wireless and Broadcast License Ownership by Small, Women- and Minority-Owned Business,” December 12, 2000, at [http://www.fcc.gov/Bureaus/Enforcement/News\\_Releases/2000/nren0034.html](http://www.fcc.gov/Bureaus/Enforcement/News_Releases/2000/nren0034.html) (last visited December 5, 2006). Such initiatives can be designed to comply with the requirements of the Supreme Court’s affirmative-action jurisprudence. See Leonard M. Baynes, “Life After Adarand: What Happened to the Diversity Rationale for Affirmative Action in Telecommunications Ownership?,” 33 *University of Michigan Journal of Law Reform* 87 (Fall 1999/Winter 2000).



## **Conclusion**

Declining listenership and the questionable financial benefits of bigger radio companies suggest that the Telecom Act has failed both citizens and long-term investors. So who has gained? The main beneficiaries have been managers and executives of incumbent radio companies, speculative short-term investors, and law firms and investment banks that received fees for orchestrating the many mergers and acquisitions (and now the media breakups) following the Telecom Act.

This chapter has shown that by relaxing and then eliminating the National Radio Ownership Rule, the FCC and Congress allowed the radio industry to transform dramatically. What once was an unconcentrated industry of small radio owners has become a concentrated industry nationally. Chapters 2 and 3 explore in more detail how radio consolidation has affected the public, by examining the effect of radio consolidation on local markets and on programming.

## **Chapter 2**

### **Local Radio Consolidation**

a

# **Off The Dial: Female and Minority Radio Station Ownership in the United States**

**How FCC Policy and Media Consolidation Diminished Diversity  
on the Public Airwaves**

**Review of Current Status and Comparative Statistical Analysis**



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## Executive Summary

Just three years after the Third U.S. Circuit Court of Appeals rejected sweeping policy changes that would have dramatically altered our nation's media landscape, the Federal Communications Commission is once again considering eliminating longstanding limits on media ownership. These changes could have a tremendous negative impact, especially on broadcast outlets owned by women and minorities.

In its landmark *Prometheus v. FCC* decision, the Third Circuit chastised the FCC for ignoring the issue of female and minority ownership. But since then, the FCC has done very little to address the issue. The FCC has abdicated its responsibility to monitor and foster increased minority and female broadcast ownership. In fact, the Commission cannot even account for the current state of female and minority ownership in this country.

This study provides the first complete assessment and analysis of female and minority ownership of full-power commercial broadcast radio stations operating in the United States. It follows a similar analysis of female and minority broadcast television ownership, *Out of the Picture*, published last fall.

Because this study represents the first ever complete assessment of all licensed commercial radio stations, it cannot and should not be compared with previous reports from the National Telecommunications and Information Administration (NTIA) or summaries produced by the FCC. All previous efforts by these agencies left out significant numbers of minority owners (and female owners, in the FCC's case). No conclusions about changes over time can be drawn from this report. Likewise, previous academic and other studies using these flawed data are inaccurate or incomplete.

The study shows that media consolidation is one of the key factors keeping female and minority station ownership at low levels. As consolidation cuts back the already limited number of stations available, women and people of color have fewer chances to become media owners and promote diverse programming.

The information contained in *Off the Dial* will enable policymakers at the FCC and in Congress to make informed conclusions about the state of the broadcast marketplace and the impact of media consolidation on female and minority radio station ownership. Taken together, the findings of this study should raise serious concern.

### The Dismal State of Female and Minority Ownership

The results of this study reveal a dismally low level of female and minority ownership of radio stations in America that has left two-thirds of the U.S. population with few stations representing their communities or serving their needs.

- Women own just 6 percent of all full-power commercial broadcast radio stations, even though they comprise 51 percent of the U.S. population.
- Racial or ethnic minorities own just 7.7 percent of all full-power commercial broadcast radio stations, though they account for 33 percent of the U.S. population.
  - Latinos own just 2.9 percent of all U.S. full-power commercial broadcast radio stations, but they comprise 15 percent of the U.S. population and are the nation's largest ethnic minority group.

- African-Americans own only 3.4 percent of this country's full-power commercial broadcast radio stations, but account for 13 percent of the entire U.S. population.
- People of Asian descent own less than 1 percent of full-power commercial broadcast radio stations, though they make up 4 percent of the U.S. population.
- Non-Hispanic white owners control 87.2 percent of the full-power commercial broadcast radio stations operating in the United States.

### **Radio Station Ownership Lags Behind Other Economic Sectors**

Our previous study, *Out of the Picture*, found that female and minority ownership of broadcast television stations was similarly anemic. Women own 5 percent of broadcast TV stations, while people of color own just 3.3 percent of stations.

These groups' level of radio station ownership is only slightly higher, despite the fact that the cost of operating a radio station is dramatically lower than a TV station. Moreover, radio station ownership is very low compared to the levels seen in other commercial industry sectors:

- According to the most recent figures available, women own 28 percent of all non-farm businesses.
- Racial and ethnic minorities owned 18 percent of all non-farm businesses, according to the most recent data.
- In sectors such as transportation and health care, people of color own businesses at levels near their proportion of the general population. But in the commercial radio broadcast sector the level of minority ownership is over four times below their proportion of the general population. That's lower than every sector of the economy tracked by the Census Bureau except for mining and enterprise management.

### **No Diversity at the Top of Station Management**

Not only are few stations owned by women and people of color, but commercial stations have very few women and minorities at the top — in the positions of CEO, president or general manager.

- Just 4.7 percent of all full-power commercial broadcast radio stations are owned by an entity with a female CEO or president.
  - Only 1 percent of the stations not owned by women are controlled by an entity with a female CEO or president.
- Just 8 percent of all full-power commercial broadcast radio stations are owned by an entity with a CEO or president who is a racial or ethnic minority.
  - Less than 1 percent of stations not owned by people of color are controlled by an entity with a minority CEO or president.

However, minority-owned stations are significantly more likely to be run by a female CEO or president than non-minority-owned stations, and female-owned stations are significantly more likely to be run by a minority CEO or president than non-female-owned stations. And both female-owned and minority-owned stations are significantly more likely to employ a woman as general manager.

## **Female and Minority Owners Control Fewer Stations per Owner**

Female and minority owners are more likely to own fewer stations per owner than their white male and corporate counterparts. They are also more likely to own just a single station.

- Of all the unique minority owners, 67.8 percent own just a single station. However, only 49.6 percent of the unique non-minority owners are single-station owners.
- 60.8 percent of the unique female owners are single-station owners, versus just 50.4 percent of the unique non-female station owners.
- Only 24.4 percent of the unique minority station owners are group owners -- owning stations in multiple markets, or more than three stations in a single market -- compared to 29.5 percent of non-minority owners.
- Just 16.9 percent of female owners are group owners, versus 30.4 percent of non-female owners.
- Overall, racial and ethnic minorities own 2.6 stations per unique owner compared to 3.9 stations owned per unique white, non-Hispanic owner.
- Women own 2.1 stations per unique owner compared to 4.1 stations owned per unique male owner.

Female- and minority-owned stations differ from non-female- and non-minority-owned stations in other ways as well. For example, women and people of color are more likely to own less valuable AM stations and their stations are more likely to be found in larger, more populated markets.

## **Female- and Minority-Owned Stations Are More Local, More Often**

Localism is supposed to be one of the FCC's key considerations in crafting media ownership regulations. Local owners, in theory, are more connected to the communities they serve and thus in a better position to respond to public needs than absentee owners who reside hundreds or thousands of miles away.

Our study found that female owners are significantly more likely to be local station owners.

- 64.4 percent of all female-owned stations are locally owned, versus just 41.6 percent of non-female-owned stations.

For minority-owned stations, the relationship is somewhat more complex because the minority population is more concentrated in certain areas. Minority-owned stations are more likely to be locally owned than non-minority-owned stations in larger markets, which have bigger minority populations.

- Among all radio stations, 43 percent of minority-owned stations are locally owned, the same level as non-minority-owned stations.
  - But in Arbitron radio markets (where four out of every five minority-owned stations are located, and which have significantly higher minority populations), 38.3 percent of minority-owned stations are locally owned, versus 29.4 percent of non-minority-owned stations.

- In unrated markets (which have significantly lower minority populations), 56 percent of minority-owned stations are locally owned, compared to 62.9 percent of non-minority-owned stations.

### **Female- and Minority-Owned Stations Thrive in Less-Concentrated Markets**

Our analysis suggests that both female- and minority-owned stations thrive in markets that are less concentrated. Markets with female and minority owners have fewer stations per owner on average than markets without them.

- The level of market concentration is significantly lower in markets with female and minority owners.
- The probability that a particular station will be female- or minority-owned is *significantly lower* in more concentrated markets.
- The probability that a particular market will contain a female- or minority-owned station is *significantly lower* in more concentrated markets.
- Female- and minority-owned stations are more likely to be found in each other's markets.

Allowing further industry consolidation will unquestionably diminish the number of female- and minority-owned stations. The FCC should seriously consider these consequences before enacting any policies that could further concentration.

### **Female and Minority Ownership Is Low, Even When They're in the Majority**

The study shows that women and people of color everywhere – regardless of their proportion of the population in a given market – have very few owners representing them on the radio dial.

- The average radio market has 16 white male-owned stations for every one female-owned and every two minority-owned stations.

Minority-owned stations are far more likely to be found in markets with higher minority populations. But even in these markets, the level of minority ownership is still low.

- Minority-owned stations are found in about half of all Arbitron radio markets.
- In 288 of the 298 U.S. Arbitron radio markets, the percentage of minorities living in the market is greater than the percentage of radio stations owned by minorities.
- 23 of the 298 U.S. Arbitron radio markets have "majority-minority" populations. But in these markets, too, the percentage of radio stations owned by people of color is far below the percentage of minority population.
  - In two of these "majority-minority" markets (Stockton, Calif. and Las Cruces, N.M.), people of color own no stations.
- Minorities own more than one-third of a market's stations in just seven of the nation's 298 radio markets. Minorities own more 25 percent of a market's stations in just 24 of the nation's 298 radio markets.

Despite making up half the population in every market, the level of female-station ownership is still extremely low across the board.

- Female-owned stations are found in about 40 percent of all Arbitron radio markets.
- The Stamford-Norwalk, Conn. market is the only market in the United States where women own more than half of the stations.
- Women own more than one-third of a market's stations in just six of the nation's 298 radio markets. Women own more than 25 percent of a market's stations in just 18 of the nation's 298 radio markets.

### **Format Diversity, Market Revenue and Audience Share**

Minority owners are more likely to air formats that appeal to minority audiences, even though other formats are more lucrative. Choosing these different formats has a practical impact on the market status of minority-owned stations, as measured by audience ratings and share of market revenues.

- Among the 20 general station format categories, minority-owned stations were significantly more likely to air "Spanish," "religion," "urban," and "ethnic" formats. The Spanish and religion formats alone account for nearly half of all minority-owned stations.
- Primarily because the Spanish, religion and ethnic formats attract smaller segments of the market, the average audience ratings share and share of market revenue held by minority-owned stations is significantly lower than the ratings and revenue shares of non-minority-owned stations.

### **Ownership and Programming Diversity: A Case Study of Talk Radio**

Though the focus of this study was on structural ownership, recent controversy surrounding remarks by two prominent talk radio hosts — Rush Limbaugh and Don Imus — spurred an examination talk radio programming on minority- and female-owned stations. We found:

- No minority-owned stations aired "Imus in the Morning" at the time of its cancellation.
- All minority-owned stations and minority-owned talk and news format stations were significantly less likely to air "The Rush Limbaugh Show," as were female-owned stations.
- Having a minority- or female-owned station in a market was significantly correlated with a market airing both conservative and progressive programming.
- Overall, markets that aired both progressive and conservative hosts were significantly less concentrated than markets that aired just one type of programming.

These results suggest that diversity in ownership leads to diversity in programming content. This result may seem obvious. But policymakers may have forgotten the reason behind ownership rules and limits on consolidation: Increasing diversity and localism in ownership will produce *more* diverse speech, *more* choice for listeners, and *more* owners who are responsive to their local communities.



### **Bottom Line: Consolidation Keeps Women and Minorities Off the Dial**

The results of this study — like *Out of the Picture* — indicate a perilous state of under-representation of women and minorities in the ownership of broadcast media. The results also point to massive consolidation and market concentration as one of the key structural factors keeping women and minorities from accessing the public airwaves.

Before the FCC moves to further increase local market concentration by abandoning longstanding ownership rules, it should carefully consider the potential harms this shift in policy will bring to the underrepresented communities of this country. It is not sound policymaking to assert that diversity, localism and female/minority ownership are important goals, then to ignore the effects that rule changes would have on those goals.

In the short term, Congress should act to expand the low-power FM radio service and order the FCC to make available thousands of new licenses. The interference problems cited to curtail community radio in the past have been disproved, and opening these slots on the dial would undoubtedly help promote minority ownership. This is not a long-term fix, but it is certainly a step in the right direction.

Even if Congress or the FCC were to enact other measures aimed at increasing female and minority participation in full-power broadcast ownership — from tax credits to digital channel leasing — these efforts will likely be futile in an atmosphere of increased consolidation. The best way to ensure a diversity of owners on the public airwaves is to roll back media consolidation.

## Introduction

In 2003, the Federal Communications Commission approved a series of sweeping policy changes that promised to completely alter the mass media marketplace.<sup>1</sup> But when formulating the rules, the FCC — then under the leadership of Chairman Michael Powell — acted with little regard for public input or reasoned social-scientific policy analysis. Consequently, Powell's rule changes were met with an unprecedented public outcry and congressional backlash<sup>2</sup>, before ultimately being overturned by the courts.<sup>3</sup>

Three years later, the FCC is poised to once again force rule changes upon an unwilling public. However, the public outcry in 2003 and the court's rejection of the 2003 rule changes have forced the current chairman, Kevin Martin, to act more cautiously this time around. In July 2006, the FCC issued a *Further Notice of Proposed Rulemaking*, soliciting public comment on the issues raised on remand by the Third U.S. Circuit Court of Appeals in its *Prometheus v. FCC* decision.<sup>4</sup> As a part of this review, Chairman Martin has promised to hold six hearings across the country to seek public input into the rulemaking process and commissioned a series of still unfinished studies on the issue.<sup>5</sup>

A key issue before the Commission is how the rule changes will impact female and minority ownership of broadcast radio and television outlets. This report provides the first complete and accurate assessment and analysis of female and minority full-power commercial broadcast television ownership. The purpose of this study is to provide the public, Congress and the FCC with a complete understanding of the state of minority and female radio ownership, as well as the potential effects of proposed rule changes on female and minority ownership.

Because this study represents the first ever complete assessment of all licensed commercial radio stations, these results should not be compared with previous reports on minority ownership. No conclusions about changes over time can be drawn from this report. Previous studies by National Telecommunications and Information Administration (NTIA) and the ownership summaries produced by the FCC were structured in a way that led to the exclusion of significant amounts of minority owners (and female owners, in the case of the FCC). Likewise, academic and other studies based on this flawed data are incomplete or inaccurate.

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<sup>1</sup> *Report and Order and Notice of Proposed Rulemaking in the Matter of 2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; Cross-Ownership of Broadcast Stations and Newspapers; Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets; Definition of Radio Markets; Definition of Radio Markets for Areas Not Located in an Arbitron Survey*, MB Docket Nos. 02-277, 01-235, 01-317, 00-244, 03-130, FCC 03-127 (2003). Herein referred to as "2003 Order."

<sup>2</sup> Ben Scott, "The Politics and Policy of Media Ownership," *American University Law Review*, Vol. 53, 3, February 2004.

<sup>3</sup> *Prometheus Radio Project, et al. v. F.C.C.*, 373 F.3d 372 (2004) (herein referred to as "*Prometheus*"), stay modified on rehearing, No. 03-3388 (3d Cir. Sept. 3, 2004), cert. denied, 73 U.S.L.W. 3466 (U.S. June 13, 2005).

<sup>4</sup> *Further Notice of Proposed Rulemaking, in the Matter of 2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; 2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; Cross-Ownership of Broadcast Stations and Newspapers; Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets; Definition of Radio Markets*, MB Docket Nos. 06-121; 02-277; 01-235; 01-317; 00-244, FCC-06-93 (2006); Herein referred to as "*Further Notice*."

<sup>5</sup> Hearings have been held in Los Angeles, Nashville, Harrisburg, Pa.; and Tampa Fla. See <http://www.stopbigmedia.com/-hearings> for information about these hearings, including detailed ownership summaries for these markets.

## Minority and Female Radio Ownership: A Sorry History

Historically, women and racial and ethnic minorities have been under-represented in broadcast ownership due to a host of factors – including the fact that some of these licenses were originally awarded decades ago when the nation lived under segregation. The FCC, beginning with its 1978 *Statement of Policy on Minority Ownership of Broadcasting Facilities*, repeatedly has pledged to remedy this sorry history.<sup>6</sup>

Congress also has recognized the poor state of female and minority ownership. The Telecommunications Act of 1996 (“The Act”) contains specific language aimed at increasing female and minority ownership of broadcast licenses and other important communications media.<sup>7</sup> The Act requires the FCC to eliminate “market entry barriers for entrepreneurs and other small businesses” and to do so by “favoring diversity of media voices.”<sup>8</sup> The Act also directs the Commission when awarding licenses to avoid “excessive concentration of licenses” by “disseminating licenses among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women.”<sup>9</sup>

The FCC initially appeared to take this mandate seriously. In 1997, the Commission completed a proceeding, as required by the Act, which identified barriers to entry for small businesses (and has been interpreted to include minority- and female-owned entities) and set forth the agency’s plan for eliminating these barriers.<sup>10</sup> Unfortunately, subsequent triennial reports have lacked substance.<sup>11</sup>

In 1998, the Commission further demonstrated its seriousness by taking a crucial first step to determine the actual state of female and minority ownership of broadcast radio and television stations. That year, the FCC began requiring all licensees of full-power commercial stations to report the gender and race/ethnicity of all owners with an attributable interest in the license.<sup>12</sup> In the *Form 323 Report and Order*, the Commission stated:

Our revised Annual Ownership Report form will provide us with annual information on the state and progress of minority and female ownership and enable both Congress and the Commission to assess the need for, and success of, programs to foster opportunities for minorities and females to own broadcast facilities.<sup>13</sup>

Other than this monitoring effort, the FCC has done very little to promote female and minority broadcast ownership (and the follow-up on this monitoring has been abysmal). In its 1999 Order that allowed television duopolies, the Commission paid lip-service to concerns about the policy change’s

<sup>6</sup> *Statement of Policy on Minority Ownership of Broadcasting Facilities*, 68 FCC 2d, 979, 980 n. 8 (1978).

<sup>7</sup> 47 U.S.C. §257, §309(j).

<sup>8</sup> Section 257 is contained within Title II of the Communications Act and thus does not directly encompass broadcast services. However, the Commission has interpreted some aspects of the language of §257 to apply to broadcast licensing. In 1998, the Commission stated: “While telecommunications and information services are not defined by the 1996 Act to encompass broadcasting, Section 257(b) directs the Commission to ‘promote the policies and purposes of this Act favoring diversity of media voices’ in carrying out its responsibilities under Section 257 and, in its Policy Statement implementing Section 257, the Commission discussed market entry barriers in the mass media services.” See FCC 98-281, *Report and Order: In the Matter of 1998 Biennial Regulatory Review – Streamlining of Mass Media Applications Rules, and Processes – Policies and Rules Regarding Minority and Female Ownership of Mass Media Facilities*, MM Docket No. 98-43, November 25, 1998, herein after referred to as the *Form 323 Report and Order*.

<sup>9</sup> 47 U.S.C. §309(j).

<sup>10</sup> “In the Matter of Section 257 Proceeding to Identify and Eliminate Market Entry Barriers for Small Businesses,” *Report*, GN Docket No. 96-113, 12 FCC Rcd 16802 (1997).

<sup>11</sup> In his dissenting statement on the 2004 Section 257 report, Commissioner Michael Copps described the report as a “a slapdash cataloging of miscellaneous Commission actions over the past three years that fails to comply with the requirements of Section 257.”

<sup>12</sup> 47 C.F.R. 73.3615

<sup>13</sup> *Report and Order, In the Matter of 1998 Biennial Regulatory Review Streamlining of Mass Media Applications, Rules, and Processes Policies and Rules Regarding Minority and Female Ownership of Mass Media Facilities*, MM Docket Nos. 98-43; 94-149, FCC 98-281 (1998).

effect on minority and female ownership, but still went forward with rule changes that allowed increased market concentration.<sup>14</sup> In 2004, the Commission sought input into how it could better implement Section 257 of the Act. But this proceeding remains open, and the current chairman has shown no signs of interest in completing this important matter.<sup>15</sup>

In the 2003 Order implementing Powell's rule changes, the FCC assured the public that ownership diversity was a key policy goal underlying its approach to ownership regulation.<sup>16</sup> However, the Third Circuit found otherwise, stating that "repealing its only regulatory provision that promoted minority television station ownership without considering the repeal's effect on minority ownership is also inconsistent with the Commission's obligation to make the broadcast spectrum available to all people 'without discrimination on the basis of race.'"<sup>17</sup>

### The FCC Shows No Concern for Tracking Minority and Female Ownership

Before considering the potential effects of policy changes on female and minority ownership, we must first know the *current* state of ownership and evaluate the effects of previous policy changes. No one should be in a better position to answer these questions than the FCC itself. The Commission possesses gender and race/ethnicity information on every single broadcast entity and knows exactly when licenses changed hands.

However, the FCC has *no* accurate picture of the current state of female and minority ownership, and shows no sign of taking the matter seriously. Though the Commission has gathered gender and race/ethnicity data for the past seven years, it has shown little interest in the responsible dissemination of the information contained within the Form 323 filings.

This lack of interest or concern is made evident by the FCC's own Form 323 summary reports. Station owners began reporting gender/race/ethnicity information in 1999, and the FCC released its first "summary report" in January 2003 (for reporting in 2001).<sup>18</sup> A second summary followed in 2004 (for reporting in 2003).<sup>19</sup> The most recent report was issued in June 2006 (for the 2004-2005 period).<sup>20</sup> However, calling these publications "summary reports" is somewhat misleading, as they are merely a listing of each minority- or female-owned station's Form 323 response and not aggregated in any manner. No information on the stations not owned by women or minorities is given.

<sup>14</sup> *Report and Order, In the Matter of Review of the Commission's Regulations Governing Television Broadcasting Television Satellite Stations Review of Policy and Rules*, MM Docket Nos. 87-8, 91-221, FCC 99-209 (1999).

<sup>15</sup> MB Docket No. 04-228, "Media Bureau Seeks Comment on Ways to Further Section 257 Mandate and to Build on Earlier Studies" DA 04-1690, June 15, 2004.

<sup>16</sup> See 2003 Order, "Encouraging minority and female ownership historically has been an important Commission objective, and we reaffirm that goal here."

<sup>17</sup> See *Prometheus*, note 58.

<sup>18</sup> Though this data summary is not directly displayed on the FCC's ownership data page (<http://www.fcc.gov/ownership/data.html>), it can be downloaded at <http://www.fcc.gov/ownership/ownminor.pdf> and <http://www.fcc.gov/ownership/ownfemal.pdf>

<sup>19</sup> Though this data summary is not directly displayed on the FCC's ownership data page (<http://www.fcc.gov/ownership/data.html>), it can be downloaded at [http://www.fcc.gov/ownership/owner\\_minor\\_2003.pdf](http://www.fcc.gov/ownership/owner_minor_2003.pdf) and [http://www.fcc.gov/ownership/owner\\_female\\_2003.pdf](http://www.fcc.gov/ownership/owner_female_2003.pdf)

<sup>20</sup> [http://www.fcc.gov/ownership/owner\\_minor\\_2004-2005.pdf](http://www.fcc.gov/ownership/owner_minor_2004-2005.pdf) and [http://www.fcc.gov/ownership/owner\\_female\\_2004-2005.pdf](http://www.fcc.gov/ownership/owner_female_2004-2005.pdf)



Closer examination of these summary reports reveals significant problems. For starters, on the FCC Web site where the most recent summary files are provided for download, there is a paragraph that explains the purpose of the data and provides a brief summary of the tally.<sup>21</sup> This Web site lists the total number of stations that filed Form 323 or Form 323-E in the 2004-2005 calendar year, and then lists the total number of stations that the FCC determined are owned by women or people of color. All commercial stations are required to report the race/ethnicity and gender of station owners on Form 323. Form 323-E requires all non-commercial educational stations to report the identity of station owners, but does not require the disclosure of the race/ethnicity or gender information.

However, since stations that file Form 323-E *don't report gender or race/ethnicity* information, it is perplexing why the FCC Web site reports the total number of stations that filed *either* form. This ambiguous reporting has led to some observers using these summaries to erroneously report the wrong percentage of stations owned.<sup>22</sup>

Other problems exist in these summaries. Some station owners listed in the 2003 summary are missing from the 2004 report but reappear in the 2006 summary, despite the fact that ownership had not changed during the interim period. Certain stations have ownership interests that add up to more than 100 percent. In some instances, the type of station facility (AM, FM or TV) is not specified.

But the most alarming problems are ones of omission. Not a single station owned by Radio One is listed by the FCC, even though the company is the largest minority-owned radio broadcaster in the United States. Stations owned by Granite Broadcasting, the largest minority-owned television broadcaster, are also missing from the summary reports. However, examination of the individual Form 323 filings for these stations shows that they are indeed minority-owned. Why aren't they in the FCC's summary?

The answer likely lies in how the larger-group stations report ownership information, and how the FCC harvests the information for their summary reports. Most of the licenses of those stations missed by the FCC are "owned" by intermediate entities, which are – in some cases – many degrees separated from the "actual" owner. Some stations file more than 20 separate Form 323 forms (one for each holding entity), with the true owners listed on only one form. And in many cases, the actual ownership information is attached as an exhibit and not listed on the actual form. Thus the FCC, which tabulates the information for its summaries by harvesting these electronic forms via an automated process, misses stations that file in this convoluted and confusing manner.

The Commission's lack of understanding of its own Form 323 data became even more apparent when the Media Bureau released previously unpublished internal studies that attempted to ascertain the true state of female and minority broadcast ownership.<sup>23</sup> A draft dated November 14, 2005, reports that there were, as of 2003, 60 television stations and 692 radio stations owned by women; and 15 television stations and 335 radio stations owned by minorities.<sup>24</sup> However, *Out of the Picture* showed that by the fall of 2006 there were 44 minority-owned stations, and this was not the result of a massive

<sup>21</sup> <http://www.fcc.gov/ownership/data.html>

<sup>22</sup> For example, Howard University Professor Carolyn M. Byerly in an October 2006 report writes: "FCC data indicate that in 2005, women owned only 3.4% and minorities owned only 3.6% of the 12,844 stations filing reports." This report was based on the flawed FCC summaries of Form 323 data (see "Questioning Media Access: Analysis of FCC Women and Minority Ownership Data," Benton Foundation and Social Science Research Council, October 2006). Also, in his book *Fighting For Air*, New York University Professor Eric Klinenberg writes that "by 2005, the FCC reported that only 3.6 percent of all broadcast radio and television stations were minority-owned, while a mere 3.4 percent were owned by women" (page 28). These are the exact but inaccurate percentages obtained from the information on the FCC 323 summary Web site. They were calculated by dividing the number of reported stations by the total number of stations that filed Form 323 or Form 323-E (438/12,844 = 3.4 percent women-owned; 460/12,844 = 3.6 percent minority-owned).

<sup>23</sup> See <http://www.fcc.gov/ownership/additional.html> for documents released in December of 2006.

<sup>24</sup> <http://www.fcc.gov/ownership/materials/newly-released/minorityfemale011405.pdf>



increase in minority ownership. Indeed, the same FCC draft report indicated just a single African-American-owned television station in the 2003 sample period. However, a review of Granite Broadcasting's (an African-American-owned company) Form 323 filing in 2003 showed that they alone held nine full-power television station licenses.<sup>25</sup> This internal summary is deeply troubling in its inaccuracy and raises questions about the data analysis ability of Commission staff, and the commitment of the Commission to accurately monitor female and minority ownership.

This obvious lack of concern is truly troubling given the Commission's legal obligation to foster improved female and minority broadcast ownership. The FCC has both the raw data and the resources to adequately address the issues raised by the Third Circuit regarding minority ownership but chooses instead to ignore this issue and rely on public commenters to do its job.

We hope that recent comments by all five FCC Commissioners indicate that the Commission now recognizes the importance of addressing this issue. As Chairman Martin recently said, "To ensure that the American people have the benefit of a competitive and diverse media marketplace, we need to create more opportunities for different, new and independent voices to be heard."<sup>26</sup>

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<sup>25</sup> Furthermore, FCC data also indicates that during the timeframe of the FCC analysis, there were at least three more African-American-owned stations (WJYS, KNIN-TV and KWCV), bringing the number of African-American-owned stations to 12. The FCC document reported two American Indian-owned stations; but at the time of this draft study, FCC records indicate at least four American Indian-owned stations (KHCV, KOTV, KWTW, and WNYB). The FCC document reported four Asian-owned stations; but at the time of this draft study, FCC records indicate at least seven Asian-owned stations (KBFD, WMBC, KBEO, KWKB, KCFG, KEJB and KKJB).

<sup>26</sup> "Remarks of FCC Chairman Kevin J. Martin, 2007 AWRT Annual Leadership Summit Business Conference, March 9, 2007, Available at [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-271371A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-271371A1.pdf). At the same event, Commissioner Robert McDowell stated that the data on female and minority ownership was "extremely troubling" to him, and that he wanted to find out "why that number is lower than in other industries." See <http://www.broadcastingcable.com/article/CA6423119.html?title=Article&spacedesc=news>.

## Methodology

The universe of licensed full-power commercial radio stations and owners was determined using BIA Media Access Pro and the FCC's CDBS Public Access Database.<sup>27</sup> BIA Media Access Pro data reflects ownership status as of February 14, 2007 and includes station sale deals that were announced as of that date. FCC Form 323 ownership filings were then reviewed, with ownership information assigned using the most recent filings.<sup>28</sup> In some cases where deals had been announced but not consummated, FCC Form 315 filings were reviewed to determine the distribution of voting interest, which in many cases could then be cross-referenced with Form 323 filings to determine the gender and race or ethnicity of owners. "Ownership" was defined as the gender or race of owners with voting interest that exceeded 50 percent alone or in the aggregate. If no single gender or race met these criteria, then stations were assigned "no controlling interest status." This status most often was assigned to publicly traded corporations where listed entities did not form a majority of the voting interest. The "no controlling interest" status for gender was also conferred upon entities where a man and a woman each controlled 50 percent of the voting interest. For each station-owning entity, the gender and race/ethnicity of the CEO, president or managing member was noted using Form 323 filings.

A significant number of stations are not required to file Form 323 because they are owned by sole proprietorships. Where possible, ownership information for these stations was assigned using publicly available information. In total, there were 279 stations where race and ethnicity remained unknown, and 168 stations where gender remained unknown. To more accurately estimate the true level of minority and female ownership, a stratification of the distribution of ownership by number of stations owned was performed. Based on these distributions, the true level of ownership was estimated for the unknown stations.

For stations that were located within an Arbitron-rated radio market, a station was considered locally owned if the owning entity's main contact address (as listed in BIA Media Access Pro) was within the same Arbitron market. For stations that were not in rated markets, a station was considered locally owned if the owner's main contact address was within the same Arbitron Total Survey Area (TSA) as the station<sup>29</sup> or if a station's main contact address was within two counties adjacent to the station's county of license.

Demographic data in BIA Media Access Pro was augmented with Census data to determine the total minority population in each market.<sup>30</sup> Information about the gender of station general managers was determined using names in BIA Media Access Pro and other print information. Affiliate information for radio talk show hosts was gathered from program Web sites on May 8-9, 2007 and not independently verified.

Statistical analysis methods such as t-tests, OLS, Probit maximum likelihood models, and Heckman maximum likelihood selection probability models were used to examine the statistical significance of station and market-level ownership and station and market-level demographics, as well as differences in ownership concentration and the airing of talk show programming. Significance levels are highlighted in each figure where appropriate, and Appendix B details the more complex modeling.

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<sup>27</sup> Stations listed by the FCC as "licensed" were the only stations included in the data set. Stations that had "construction permit-off-air," "licensed and silent," or "licensed cancelled" status were excluded from the analysis. Also, stations not listed by BIA as noncommercial but which filed Form 323-E (ownership forms for non-commercial educational stations) were excluded from the data set. Stations in the Puerto Rico Arbitron radio market were not included in the analysis.

<sup>28</sup> In most cases, the most recent filings were from 2005-2007.

<sup>29</sup> As defined by Arbitron's spring 2007 survey.

<sup>30</sup> BIA does not tabulate non-white Hispanic percentages; nor do they tabulate information for Native Hawaiian/Pacific Islanders or American Indian/Alaska Natives.

## The State of Female and Minority Radio Ownership in the United States

As of February 2007, there were 10,506 licensed full-power commercial radio stations in the United States. Women own 609 stations, leaving 168 stations where the gender of the owner(s) could not be determined. After accounting for these unknown gender stations, we estimated that women own 629 stations, or 5.99 percent of all stations.

We determined that 776 of the 10,506 stations are minority-owned. After accounting for the 279 stations where the race/ethnicity of the owner could not be determined, we estimated that minorities own 812 stations, or 7.76 percent of all stations.

We estimated that of these stations, 362 have black or African-American owners, accounting for 3.45 percent of all stations. Hispanic or Latino owners controlled an estimated 305 stations, or 2.90 percent of the total. Asian owners control an estimated 92 stations, or 0.88 percent. American Indian or Alaska Native owners control an estimated 32 stations, or 0.30 percent. There is one Native Hawaiian or Pacific Islander owner who controls 21 stations<sup>31</sup>, or 0.20 percent of all licensed full-power commercial U.S. radio stations (see Figure 1).

**Figure 1: Full-Power Commercial Radio Station Ownership By Gender and Race/Ethnicity**

Category	Owner	Number of Stations	Percent of All Commercial Full-Power Radio Stations	Estimated Actual Percent of All Commercial Full-Power Radio Stations*
Gender	Female	609	5.80	5.99
	Male	8,533	81.24	82.44
	No Controlling Interest	1,196	11.37	11.57
	Unknown	168	1.59	
Race/Ethnicity	Amer.Indian/AK Native	30	0.29	0.30
	Asian	90	0.86	0.88
	Black or African American	346	3.29	3.45
	Hispanic or Latino	289	2.75	2.90
	Nat.Hawaiian/Pac.Isl.	21	0.20	0.20
	All Minority	776	7.39	7.73
	Non-Hispanic White	8,921	84.92	87.21
	No Controlling Interest	530	5.04	5.06
	Unknown	279	2.65	
Total		10,506		

Source: FCC Form 323 filings; Free Press Research

\* Estimates are based on known owners and estimates of the ownership of stations where ownership gender and/or race could not be determined

By comparison, non-Hispanic white owners control an estimated 9,162 stations, or 87.21 percent of the total stations. The remaining stations are owned by entities with no single race/ethnicity accounting for more than 50 percent of the voting interest. In most cases, the stations designated as having "no controlling interest" are owned by large publicly traded corporations such as Cumulus Broadcasting, whose voting stock is disbursed among a wide population of shareholders.

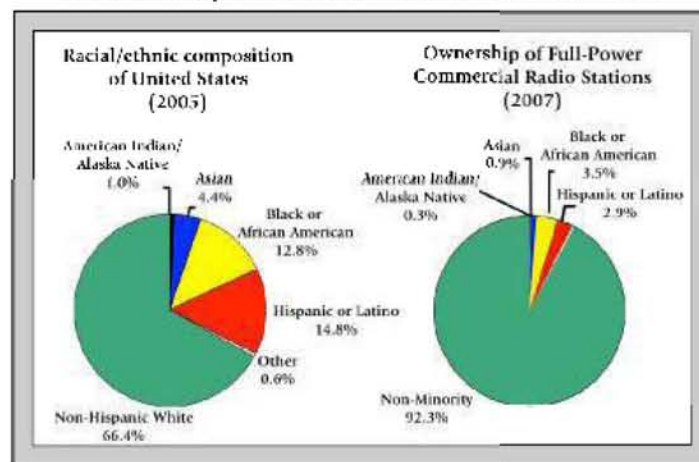
<sup>31</sup> Roy E. Henderson

An estimated 1,216 stations are owned by entities where no single gender accounts for more than 50 percent of the voting interest. In over half of the stations with “no controlling interest” gender status, the stations are owned by an entity that consists of a man and a woman (usually husband and wife), with each having 50 percent of the voting interest.

## Radio Station Ownership Doesn't Reflect General Population, Lags Behind Other Economic Sectors

Women make up half of the U.S. population, yet own approximately one-twentieth of full-power commercial radio stations. Minorities account for nearly 33 percent of the U.S. population but own less than 8 percent of the radio stations (see Figure 2).

**Figure 2: U.S. Racial/Ethnic Composition and Ownership of Full-Power Commercial Radio Stations**

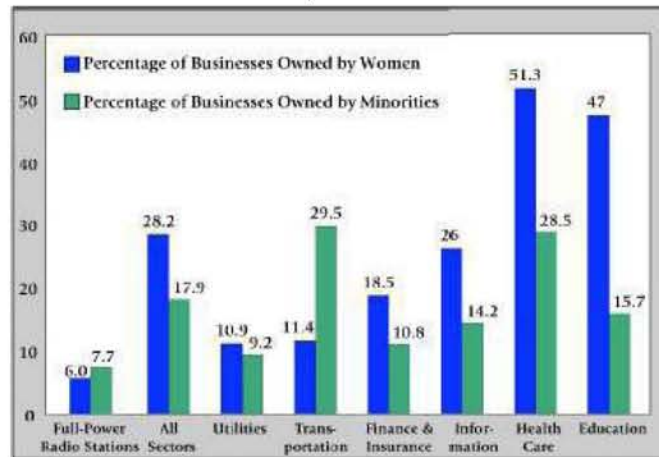


Source: FCC Form 323 filings; U.S. Census Bureau; Free Press Research

Given the long history of prejudice and economic discrimination against women and minorities, it is not too surprising that broadcast ownership doesn't reflect these groups' respective proportions of the general population. However, the level of female and minority broadcast radio ownership is also very low when compared to other sectors of the economy and even the information sector as a whole. In industries like transportation and health care, female and minority ownership is some four to eight times higher than in the broadcast radio industry (see Figure 3).<sup>32</sup>

<sup>32</sup> 2005 U.S. Census Bureau Economic Census, data collected in 2002.

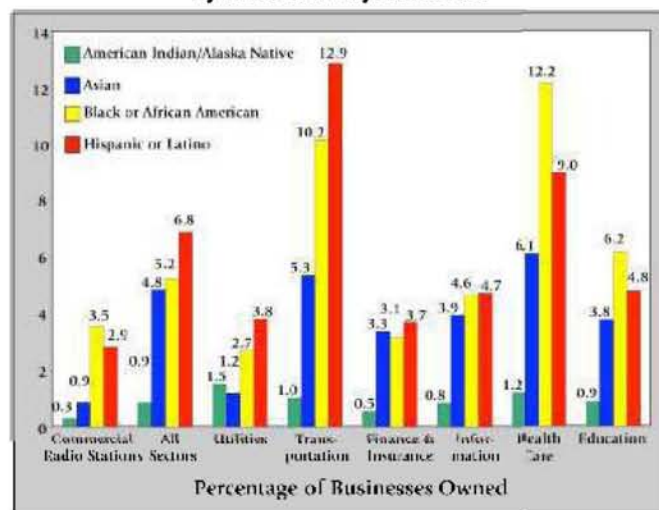
**Figure 3: Female and Minority Business Ownership By Sector**



Source: FCC Form 323 filings; U.S. Census Bureau; Free Press Research

This disparity is even more telling when considering individual race and ethnic groups. In sectors such as transportation and health care, all minority groups own businesses at or near their proportion of the general population. But in the radio broadcast sector, the two largest groups — African-Americans and Latinos — barely own 3 percent of stations (see Figure 4).

**Figure 4: Minority Business Ownership By Race/Ethnicity and Sector**



Source: FCC Form 323 filings; U.S. Census Bureau; Free Press Research



Notably, the level of female and minority broadcast radio ownership is not very different from respective levels of ownership of broadcast television stations. *Out of the Picture* found that women own approximately 5 percent of commercial TV stations, while people of color control about 3 percent.<sup>33</sup> Given that radio outlets are generally much less expensive to own, the relatively low level of radio ownership by women and people of color indicates there are more factors at play than just lack of adequate access to capital and equity.

## No Diversity at the Top of Station Management

Approximately 530 stations, or about 5 percent of all stations, are owned by an entity where no controlling interest is held by a single race or ethnicity. These are often publicly traded corporations where the voting interest is widely dispersed amongst shareholders, rendering assignment of ownership ethnicity or race impossible.<sup>34</sup> However, the companies that own these stations suffer from the same lack of diversity seen in other stations. Only seven of the 530 stations with “no controlling interest” race/ethnicity status have a minority CEO or president (see Figure 5).

**Figure 5: Stations with 'No Controlling Interest' by Race/Ethnicity**

Race/Ethnicity of CEO or President	Gender of CEO or President								Percent of Total Stations With No Controlling Interest for Race	Percent of All Stations
	Female		Male		No Controlling Interest for Gender		Total			
	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations		
American Indian/AK Native	0	0	1	1	0	0	1	1	0.2	0.0
Asian	1	2	0	0	0	0	1	2	0.4	0.0
Black or African American	0	0	1	1	0	0	1	1	0.2	0.0
Hispanic or Latino	0	0	2	3	0	0	2	3	0.6	0.0
No Controlling Interest for Race/Ethnicity	0	0	0	0	1	1	1	1	0.2	0.0
White, Non-Hispanic	1	13	15	509	0	0	16	522	98.5	5.0
Total	2	15	19	514	1	1	22	530	100	5.0
All Minorities	1	2	4	5	0	0	5	7	1.3	0.1
Percent of Total Stations With No Controlling Interest for Race	2.8		97.0		0.2		100			
Percent of All Stations	0.1		4.9		0.0		5.0			

Source: FCC Form 323 filings; Free Press Research

<sup>33</sup> S. Derek Turner and Mark N. Cooper, *Out of the Picture: Minority and and Female TV Station Ownership in the United States* Free Press, October 2006.

<sup>34</sup> Form 323 only requires disclosure of persons who control 5 percent or more of the voting interest in a particular station. For the “no controlling interest” race/ethnicity stations, the level of reported voting interest is often well below 50 percent.

There were 1,196 stations with “no controlling interest” by gender, or 11.37 percent of all stations. As indicated above, more than half of these stations are owned by husband-wife entities, where ownership interest is shared equally. However, the male owners lead the overwhelming majority of these arrangements. In total – of the 1,196 stations assigned the status of “no controlling interest” for gender -- only 55 have a female CEO or president (see Figure 6).

**Figure 6: Stations with “No Controlling Interest” by Gender**

Race/Ethnicity of CEO or President	Gender of CEO or President										Percent of Total Stations With No Controlling Interest for Gender	Percent of All Stations
	Female		Male		No Controlling Interest for Gender		Unknown Gender		Total			
	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations		
American Indian/AK Native	0	0	1	1	0	0	0	0	1	1	0.1	0.0
Asian	1	2	2	3	0	0	0	0	3	5	0.4	0.0
Black or African American	0	0	7	11	1	5	0	0	8	16	1.3	0.2
Hispanic or Latino	1	1	11	18	2	2	0	0	14	21	1.8	0.2
No Controlling Interest for Race/Ethnicity	0	0	0	0	2	11	0	0	2	11	0.9	0.1
Unknown Race/Ethnicity	1	1	2	2	1	1	3	3	7	7	0.6	0.1
White, Non-Hispanic	23	51	239	1031	29	52	1	1	292	1135	95.0	10.8
Total	26	55	262	1066	35	71	4	4	327	1196	100	11.4
Percent of Total Stations With No Controlling Interest for Gender	4.6		89.2		5.9		0.3		100			
Percent of All Stations	0.5		10.1		0.7		0.0		11.4			

Source: FCC Form 323 filings; Free Press Research

This lack of diversity at the top is also seen among the stations where ownership gender and race/ethnicity could be determined. Just 4.7 percent of all full-power commercial broadcast radio stations are owned by an entity with a female CEO or president, while only 8 percent of stations are owned by an entity with a CEO or president who is a racial or ethnic minority (see Figure 7).

**Figure 7: Who is at The Top?**  
**Race/Ethnicity and Gender of Radio Station CEO/Presidents**

Race/Ethnicity of CEO or President	Gender of CEO or President										Percent of All Stations	Percent of All Unique Owners
	Female		Male		No Controlling Interest for Gender		Unknown		Total			
	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations		
American Indian/AK Native	0	0	14	32	0	0	0	0	14	32	0.3	0.5
Asian	7	23	17	67	0	0	0	0	24	90	0.9	0.8
Black or African American	14	16	117	327	1	5	0	0	132	348	3.3	4.6
Hispanic or Latino	21	23	103	323	4	4	0	0	128	350	3.3	4.5
Native Hawaiian or Pacific Islander	0	0	1	21	0	0	0	0	1	21	0.2	0.0
White, Non-Hispanic	222	419	2,064	8,903	29	52	1	1	2,316	9,375	89.2	81.4
No Controlling Interest for Race/Ethnicity	0	0	0	0	2	11	0	0	2	11	0.1	0.1
Unknown Race/Ethnicity	14	14	83	100	1	1	130	164	228	279	2.7	8.0
Total	278	495	2,399	9,773	37	73	131	165	2,845	10,506	100	100
All Minorities	42	62	252	770	5	9	0	0	299	841	8.0	10.5
Percent of All Stations	4.7		93.0		0.7		1.6		100			
Percent of All Unique Owners	9.8		84.3		1.3		4.6		100			

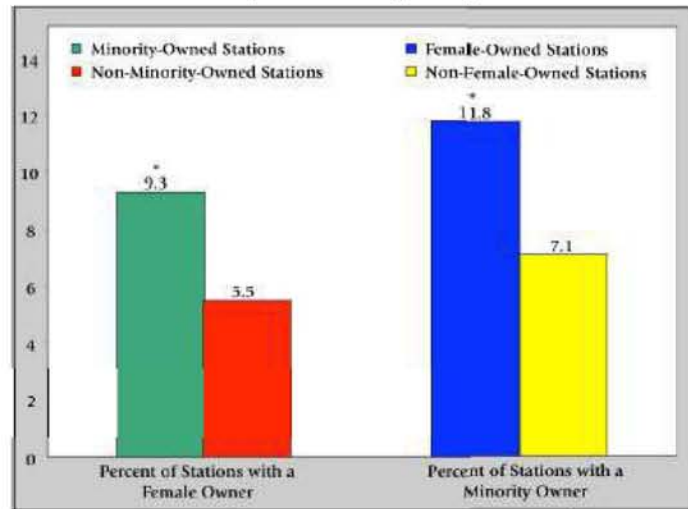
Source: FCC Form 323 filings; Free Press Research

There is also a troubling lack of CEO diversity within the companies that are not female or minority owned. Only 1 percent of the non-female-owned radio stations are owned by an entity with a female CEO or president, while just 0.9 percent of the non-minority-owned radio stations are owned by an entity with a minority CEO or president. By contrast, 34.5 percent of the female-owned stations had a male CEO or president. Among minority-owned stations, the leadership largely reflected the race/ethnicity of the owner, as was the case among non-minority-owned stations. Only 1.03 percent of minority-owned stations had a white CEO or president.

We also found that while women own just 5.5 percent of the non-minority-owned stations, they own 9.3 percent of the nearly 800 minority-owned radio stations. And while minorities own just 7 percent of the non-female-owned stations, they control almost 12 percent of the more than 600 female-owned stations (see Figure 8).

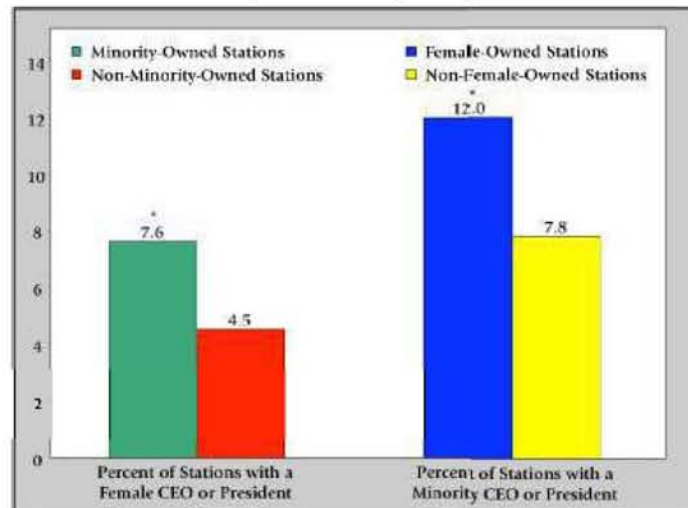
Minority-owned stations are also significantly more likely to be run by a female CEO or president than are stations not owned by people of color. Nearly 8 percent of minority-owned stations have a woman at the top in the position of CEO, president or managing member, versus just 4.5 percent of the other stations. Likewise, female-owned stations are significantly more likely to be run by a minority CEO or president than stations not owned by women: 12 percent of female-owned stations have a minority CEO or president, versus just 7.8 percent of other stations (see Figure 9).

**Figure 8: Female and Minority Radio Ownership:  
Overlap in Ownership Categories**



Source: FCC Form 323 filings; Free Press Research  
\* difference is statistically significant at  $p < 0.001$

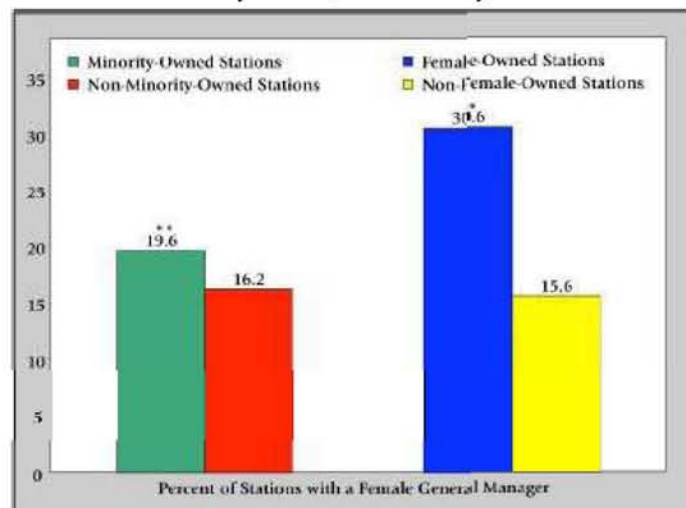
**Figure 9: Female and Minority Radio Station CEO/Presidents:  
Overlap in Ownership Categories**



Source: FCC Form 323 filings; Free Press Research  
\* difference is statistically significant at  $p < 0.001$

This apparent complementary nature of female and minority ownership is also seen in the gender of station's general managers. Nearly 20 percent of the minority-owned stations have a female general manager, versus 16.2 percent of the stations not owned by people of color. Not surprisingly, female-owned stations were twice as likely as stations not owned by women to employ a female general manager (see Figure 10). These differences are important, as station management may be a path to station ownership.

**Figure 10: Female General Station Managers  
By Gender/Race Ethnicity**



Source: FCC Form 323 filings; BIA Financial; Free Press Research

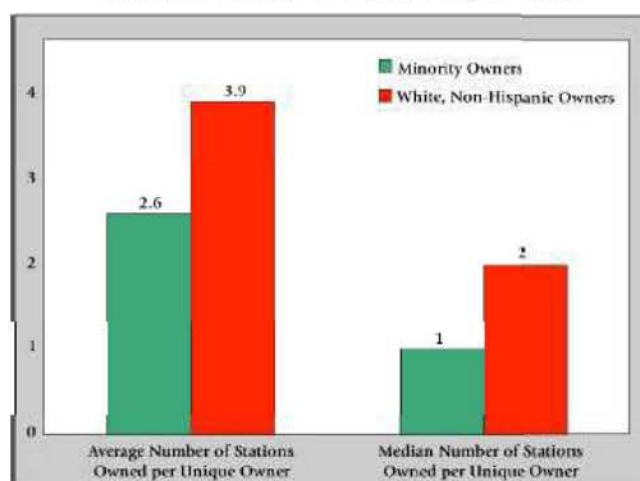
\* difference is statistically significant at  $p < 0.001$ ; \*\* difference is statistically significant at  $p < 0.05$



## Female and Minority Owners Control Fewer Stations per Owner

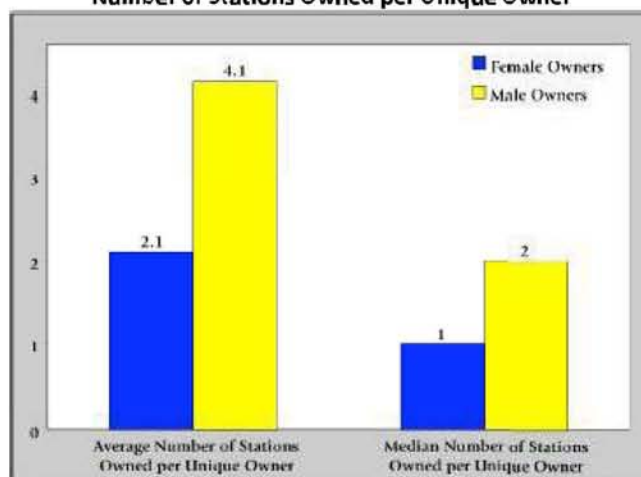
White male and large corporate station owners tend to own more stations than their minority and female counterparts. The average number of stations owned per unique white, non-Hispanic owner is 3.9, and male owners controlled an average of 4.1 stations each. The average number of stations owned per unique owner is 2.6 for minorities and 2.1 for women (see Figure 11 and Figure 12).

**Figure 11: Ownership Concentration and Race/Ethnicity  
Number of Stations Owned per Unique Owner**



Source: FCC Form 323 filings; Free Press Research

**Figure 12: Ownership Concentration and Gender  
Number of Stations Owned per Unique Owner**



Source: FCC Form 323 filings; Free Press Research

While the average number of stations owned by a unique minority owner is 2.6, for Latinos it is even lower (see Figure 13). This reflects the fact that the largest Latino owner (Border Media Partners) controls just 27 stations, compared to 69 for the largest African-American owner (Radio One), and 43 for the largest Asian owner (Multicultural Radio Broadcasting Inc.). These numbers pale in comparison to the largest non-minority owner, Clear Channel, which controlled nearly 1,100 stations at the time of this study.

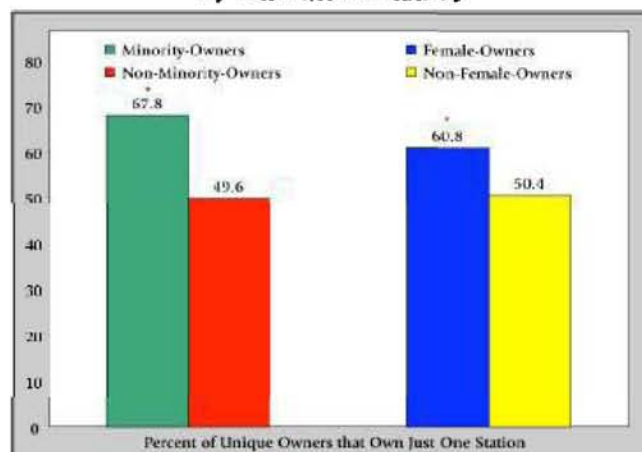
**Figure 13: Ownership Concentration and Race/Ethnicity:  
Number of Stations Owned per Unique Owner**

Owner	Average Number of Stations Owned per Unique Owner	Median Number of Stations Owned per Unique Owner
Amer. Indian/Alk Native	2.5	1
Asian	3.8	1
Black or African American	2.7	1
Hispanic or Latino	2.3	1
Nat. Tow./ Pac. Isl.	2.1	2.1
All Minorities	2.6	1
White, Non-Hispanic	3.9	2
Male	4.1	2
Female	2.1	1
White male	4.4	2

Source: FCC Form 323 filings; First Press Research

Female and minority radio station owners are also significantly more likely to be single-station owners than their non-female and non-minority counterparts. Over 60 percent of female owners control just a single station, compared to half of all non-female owners. Two-thirds of the unique minority owners control just one station, compared to half of all unique non-minority owners (see Figure 14).

**Figure 14: Single-Station Owners  
By Gender/Race Ethnicity**



Source: FCC Form 323 filings; First Press Research

\* difference is statistically significant at  $p < .001$

African-American and Latino owners drive the high level of minority single-station ownership. And while the overall level of single-station ownership by minorities is high, it is even higher among minority women. Nearly 91 percent of Latino female station owners and 80 percent of African-American female owners are single-station proprietors (see Figure 15).

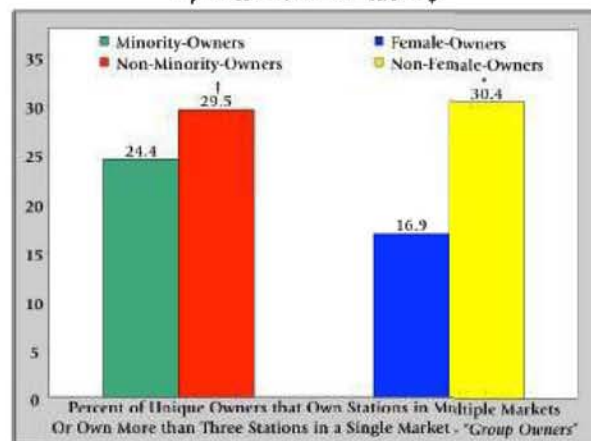
**Figure 15: Ownership Concentration**  
**Unique Owners Controlling Multiple Stations by Race/Ethnicity**

Race/Ethnicity	Gender	Number of Unique Owners Controlling One Station	Percentage of Unique Owners Controlling One Station	Number of Unique Owners Controlling Multiple Stations	Percentage of Unique Owners Controlling Multiple Stations
American/UK Native	Male	7	20	8	80.0
	Female	0	0	1	100.0
	All	9	23	9	75.0
Asian	Male	8	37.1	6	42.9
	Female	5	62.5	3	37.5
	All	14	38	10	41.7
Black or African American	Male	73	55.2	31	29.8
	Female	12	30	3	20.0
	All	93	72	37	38.5
Hispanic or Latino	Male	59	65.0	29	31.8
	Female	20	29.9	2	9.1
	All	90	70	34	29.7
Native Hawaiian, Pacific Islander	Male	0	0	1	100
	Female	0	0	0	0.0
	All	0	0	1	100
All Minorities	Male	142	5.5	71	14.6
	Female	37	39.4	9	15.6
	All	200	38	97	29.2
White, Non-Hispanic	Male	804	43.0	983	35.8
	Female	130	33.1	106	44.9
	All	1,067	36	1,233	33.7
All	Male	1,017	43.8	1,069	31.2
	Female	160	60.8	116	35.2
	All	1,465	51	1,380	35.5

Source: FCC Form 323 filings. Free Press Research

Female and minority owners are also less likely to be “group owners,” those entities that control stations in multiple markets or more than three stations in a single market (see Figure 16).

**Figure 16: Group Station Owners**  
**By Gender/Race Ethnicity**



Source: FCC Form 323 filings. Free Press Research

\* Difference is statistically significant at  $p < 0.001$ . † Difference is statistically significant at  $p < 0.10$

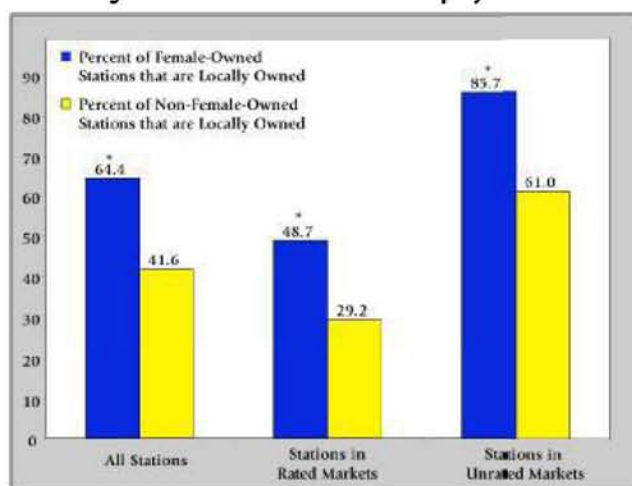
## Female- and Minority-Owned Stations: More Local, More Often

The FCC states that localism is one of its key criteria as it reviews regulations governing broadcast media ownership. Since broadcasting by its nature is a local medium, increasing the amount of local ownership should be a paramount policy goal. In theory, local owners should be more connected to the communities they serve, and thus in a better position to serve the public interest than owners who reside hundreds or thousands of miles away.

To examine the relationship between the gender and race/ethnicity of station owners and the degree of local ownership, we first constructed a definition of "local ownership." The definition is more expansive than just the physical location of the license and the owners, reflecting the fact that most radio stations serve areas that are larger than just a single city or county. We chose a market-based definition, deeming a station to be locally owned if the owner's physical headquarters were in the same Arbitron radio market a station serves. For the 40 percent of stations not in an Arbitron market, we defined stations as locally owned if the owner's headquarters and the station were both in counties in the same Arbitron Total Survey Area<sup>35</sup> or were located within two counties adjacent to each other.

Using this definition, we found that stations owned by women are significantly more likely to be locally owned. Among all stations, 64.4 percent of the female-owned stations are locally owned versus 41.6 percent of the non-female-owned stations. For the stations in Arbitron-rated markets, 48.7 percent of the female-owned stations are local, versus just 29.2 percent of the non-female-owned stations. Among the stations in unrated markets, a whopping 85.7 percent of female-owned stations are locally owned, versus 61.0 percent of the stations not owned by women (see Figure 17).

**Figure 17: Local Station Ownership by Gender**



Source: FCC Form 323 filings; BIA Financial; Free Press Research

\* difference is statistically significant at  $p < 0.001$

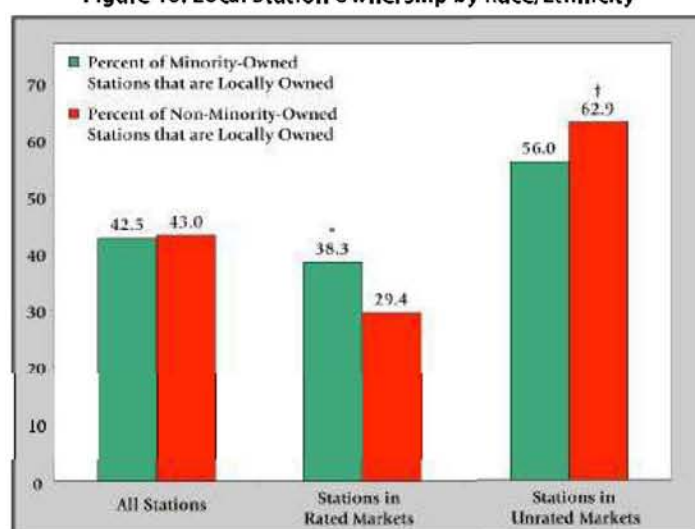
<sup>35</sup> Each Arbitron radio market is made of up to two geographic areas that are each surveyed to determine ratings information. The "Metro Survey Area" (Metro) includes the counties that actually make up the Arbitron market and is surveyed four times each year. The "Total Survey Area" (TSA) includes all of the counties in the Metro as well as one or more non-Metro counties contiguous to the Metro area. TSAs are surveyed twice a year and, in general, are areas that are not in the Arbitron market but where listeners may be able to hear the radio stations that serve the nearby rated market.



For minority owners, the situation is more complex because the minority population is not evenly distributed throughout all regions of the country. Among all stations, 42.5 percent of the minority-owned stations are locally owned, essentially the same level observed among stations not owned by minorities.

However, for the stations in Arbitron-rated markets, 38.3 percent of the minority-owned stations are locally owned, versus just 29.4 percent of the non-minority-owned stations. But the situation is reversed in the unrated markets, which have lower minority populations.<sup>36</sup> Among the stations in unrated markets, the level of local ownership by minority owners is over 56 percent. But the local ownership level of stations not owned by minorities is 62.9 percent (see Figure 18).

**Figure 18: Local Station Ownership by Race/Ethnicity**



Source: FCC Form 323 filings; BIA Financial; Free Press Research

\* difference is statistically significant at  $p < 0.001$ ; † difference is statistically significant at  $p < 0.10$

Local ownership is also strongly associated with the numbers of stations controlled per owner. Not surprisingly, local ownership is very high among single-station owners. Over 83 percent of single stations are locally owned, versus just 36 percent of the stations owned by multiple station owners.<sup>37</sup> Among the stations controlled by group owners (those with stations in multiple markets or three or more stations in a single market), only 28 percent of their stations are locally owned, versus 85 percent of the stations of non-group owners.<sup>38</sup>

<sup>36</sup> The average minority population in Arbitron markets is 26.6 percent. The average minority population in the counties of unrated market stations is 18.5 percent.

<sup>37</sup> Difference is statistically significant at  $p < 0.0001$ .

<sup>38</sup> Difference is statistically significant at  $p < 0.0001$ .

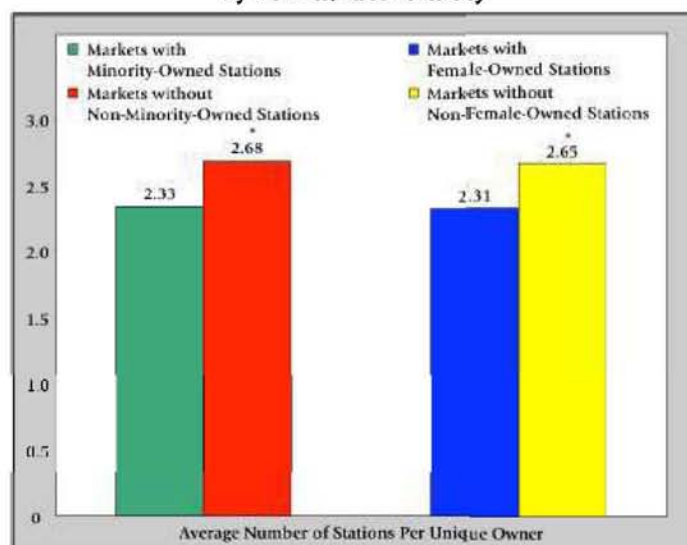


## Female- and Minority-Owned Stations Thrive In Less Concentrated Markets

Minority- and female-owned stations tend to be, on average, in the larger (by both number of stations and population) Arbitron markets (see Figure 32 below). Given that the larger markets tend to be less concentrated<sup>39</sup>, we expected to find minority- and female-owned stations are in less concentrated markets than those without these stations. And this is indeed the case.

In the markets that contained at least one minority-owned station, the average number of stations held per unique owner was 2.33, far less than the ratio of 2.68 stations per unique owner observed in the markets that had no minority owners. Similarly, in markets with female owners the average number of stations per owner was 2.31, significantly lower than the 2.65 stations per owner in the markets without female-owned stations (see Figure 19).

**Figure 19: Market Concentration: Average Number of Stations per Unique Owner By Gender/Race Ethnicity**



Source: FCC Form 323 filings; Free Press Research

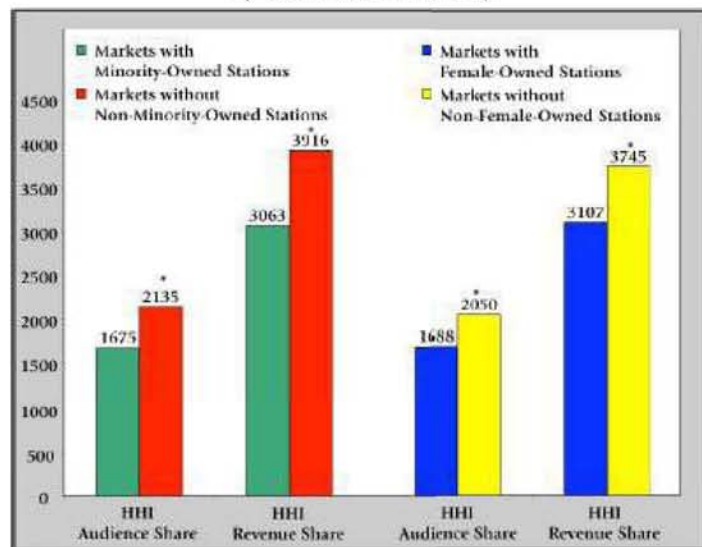
\* difference is statistically significant at  $p < 0.001$

<sup>39</sup> The number of stations owned per unique owner is positively correlated with market rank (i.e., as a market decreases in size, the concentration of station ownership tends to increase). This pairwise correlation has a Pearson's  $r$  of 0.23 at  $p < 0.0001$ . This result is repeated in the case of market audience share HHI (see below for definition), where the  $r = 0.55$  at  $p < 0.0001$ ; and in the case of market revenue HHI (see below for definition), where the  $r = 0.39$  at  $p < 0.0001$ .

The Arbitron markets that had female and minority owners were also significantly less concentrated than the markets without these owners in terms of the concentration of market revenue and audience share, as measured by the Herfindahl-Hirschman Index (HHI).<sup>40</sup>

The average audience share HHI in markets with minority owners was 1,675 – far below the value seen in markets without minority owners, which stood at 2,135. A nearly identical result was observed in the case of markets with female owners, where the audience share HHI was 1,688 – far below the 2,050 HHI seen in the markets without female-owned stations. This pattern was repeated in the examination of market revenue HHIs, where the average market with a minority had an HHI of 3,063, significantly less than the revenue HHI of 3,916 observed in the markets with no minority owners. Finally, the revenue HHI for female owner markets was 3,107, far less than the 3,745 value observed in markets that had no female owners present (see Figure 20).

**Figure 20: Market Concentration: HHI's for Audience and Revenue Shares  
By Gender/Race Ethnicity**



Source: FCC Form 323 filings; BIA Financial; Free Press Research

\* difference is statistically significant at  $p < 0.001$

<sup>40</sup> The Herfindahl-Hirschman Index (HHI) is calculated as:

$$HHI = \sum_{i=1}^n S_i^2 \times 10,000$$

where

$n$  = the number of firms

$S_i$  = the share of the  $i$ th firm.

Thus a market with 10 firms that had equal market shares (0.1 each) would have an HHI of 1,000. A higher HHI means a market is more concentrated. HHIs above 1,800 indicate a market is "highly concentrated". Market revenue share HHI calculations were based only on the universe of commercial stations. For market audience share calculations, all commercial and non-commercial stations were included. Share is reported by BIA (using Arbitron data) as the percent of all those listening to the radio at a given time that are tuned in to the particular station. However, because audience share information is not reported for noncommercial stations, these stations and the commercial stations that had no reported share were assigned an estimated value, calculated by summing the total reported shares, subtracting from 100, and dividing the remainder among these stations.

It could be argued these results are due to population differences at the market level, not the result of lower concentration leading to higher levels of diverse ownership. This argument is only relevant in the case of minority owners, as minorities tend to make up larger percentages of the population in the higher-ranked Arbitron markets.<sup>41</sup>

However, even if the size of the market and the level of minority population in the market are held constant, markets with minority owners are *significantly* less concentrated than markets without minority owners.<sup>42</sup> And a similar examination of female ownership show that markets with a female-owned station are also *significantly* less concentrated than markets without such stations.<sup>43</sup>

Another way of examining this issue is to look at the probability that an individual station will be minority-owned, given the particular characteristics of each market or station. Under this analytical frame, we still find that as a market becomes more concentrated, a station is *significantly* less likely to be minority-owned — even when holding market and station characteristics constant.<sup>44</sup> A similar examination of the probability of female station ownership also reveals a strong negative association with market concentration, even after accounting for market- and station-level characteristics.<sup>45</sup>

These findings are extremely important, for they imply that minority and female owners thrive in more competitive markets, regardless of market or station characteristics. They also have tremendous implications for the current ownership proceeding at the FCC. One unambiguous consequence of further industry consolidation and concentration will be to diminish both the number of minority-owned stations and the number of female-owned stations. The FCC should seriously consider the effects on women and minority owners and their listeners before it moves to enact policies that will lead to increased market concentration.

Indeed, though we did not examine historical trends in female and minority radio station ownership in this study, *Out of the Picture* found that previous pro-consolidation policies enacted by the FCC in the late 1990s had a significant impact on minority TV station ownership, indirectly or directly contributing to a loss of 40 percent of the TV stations that were minority owned as of 1998. The FCC's 2003 *State of the Radio Industry* report found that from 1996 to 2003, the number of unique radio station owners had decreased by 35 percent, even as the overall number of stations increased by 6 percent.<sup>46</sup> (Notably, this study wasn't made public until last fall when a copy was leaked to California Sen. Barbara Boxer). These trends certainly can be attributed to the policies contained within the 1996 Telecommunications Act and subsequent FCC decisions that facilitated massive industry consolidation.

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<sup>41</sup> The pairwise correlation between market rank and percentage minority population shows a negative relationship, with a Pearson's  $r$  of  $-0.32$  at  $p < 0.0001$  (i.e. the percentage of a market's population that is made up of racial and ethnic minorities tends to decrease as the market size decreases).

<sup>42</sup> See Appendix B for details. These results hold when station-owner ratio and audience share HHI are examined in separate equations.

<sup>43</sup> See Appendix B for details. These results hold when station-owner ratio, audience share HHI, and market revenue HHI are examined in separate equations.

<sup>44</sup> See Appendix B for details. Control variables include total market population, the percent minority population in the station's market, the percent female population in the station's market, and whether or not the station is AM. These results hold when station-owner ratio and audience share HHI are examined in separate equations.

<sup>45</sup> See Appendix B for details. Control variables are the same as indicated above. These results hold when station-owner ratio and audience share HHI are examined in separate equations.

<sup>46</sup> *Review of the Radio Industry, 2003*, Federal Communications Commission, Media Bureau, Industry Analysis Division, September 2003.

## Minority Ownership of Radio Stations is Low Even in Markets with Large Minority Populations

Because broadcast radio stations are geographically limited in their market reach, information about female and minority ownership at the local level is more telling than the national aggregate. The traditional geographic boundary used for analysis of radio markets at the local level is the Arbitron market. These markets encompass over 80 percent of the entire U.S. population. But unlike Nielsen's Designated Market Areas (DMAs), Arbitron markets do not cover the entire country, nor do they capture all of the licensed radio stations. Thus our analysis at the market level excludes the 40 percent of radio stations that lie outside of Arbitron markets.

Like ownership at the national level, minorities are vastly underrepresented at the Arbitron market level, even in areas where minorities are the majority. The same is true for women, even though nationwide they comprise a majority of the population.

Minority-owned stations are present in 154 of the nation's 298 Arbitron radio markets. Examination of individual racial and ethnic groups shows only modest overlap between different minority groups, mostly in the larger markets that have higher proportions of minority populations. Of the 154 markets with a minority owner, over two-thirds have just a single minority group represented (see Figure 21). Only the Houston, Texas and Washington, DC markets have four of the five minority groups represented. No market has all five.

**Figure 21: Arbitron Radio Markets and Ownership Diversity:  
Number of Unique Minority Groups in Market**

Number of Unique Minority Race/Ethnic Groups In Market (Among Stations Owners)	Number of Markets	Percent of All Markets	Average Percent of Minorities in These Markets
None	144	48.3	14.5
One	103	34.6	31.6
Two	35	11.7	34.7
Three	14	4.7	39.7
Four	2	0.7	48.9
All Five	0	0	N/A

Source: FCC Form 323 filings; BIA Financial; Free Press Research

Black- or African-American owned stations are in 100 of the 298 markets, while Hispanic- or Latino-owned stations are present in 81 markets. Asian-owned stations are present in 32 markets, while stations owned by Native Hawaiian or Pacific Islanders are located in four markets. American Indian- or Alaska Native-owned stations are in six of the 298 Arbitron markets. Non-minority-owned stations are present in every single Arbitron market.

In 23 of the 298 U.S. Arbitron radio markets, minorities comprise a majority of the population. However, even in these markets the percentage of radio stations owned by minorities is still relatively low. In two of these 23 markets (Stockton, Calif. and Las Cruces, N.M.) minorities own no stations. Minorities own a majority of stations in only one of these markets, Laredo, Texas (see Figure 22).

**Figure 22: Arbitron Radio Markets with  
'Majority-Minority' Populations**

Market Rank	Market	Percent Minority Population in Market	Percent of Radio Stations in Market Owned by Minorities
205	Laredo, TX	95.1	62.5
58	McAllen-Brownsville-Harlingen, TX	88.1	45.5
76	El Paso, TX	83.0	10.5
64	Honolulu, HI	80.0	9.7
227	Las Cruces, NM	67.5	0.0
2	Los Angeles, CA	64.3	26.8
12	Miami-Ft. Lauderdale-Hollywood, FL	63.7	33.3
136	Corpus Christi, TX	60.9	21.4
66	Fresno, CA	60.3	10.3
29	San Antonio, TX	59.3	24.4
100	Visalia-Tulare-Hanford, CA	58.2	28.6
180	Merced, CA	56.0	20.0
126	Victor Valley, CA	56.0	23.3
35	San Jose, CA	55.8	18.8
129	Fayetteville, NC	53.7	10.5
270	Albany, GA	53.7	6.3
25	Riverside-San Bernardino, CA	52.7	23.1
81	Stockton, CA	52.6	0.0
70	Albuquerque, NM	52.3	5.6
6	Houston-Galveston, TX	51.5	30.9
78	Bakersfield, CA	50.5	9.4
4	San Francisco, CA	50.0	13.6
236	Santa Fe, NM	50.0	27.3

Source: FCC Form 323 filings; BIA Financial; Free Press Research

Overall, in 288 of the 298 U.S. Arbitron radio markets, the percentage of minorities living in the market is greater than the percentage of radio stations owned by people of color. In total, people of color own more than 25 percent of a market's stations in just 24 of the nation's 298 radio markets; they own more than one-third of the stations in just seven markets.



Hispanics or Latinos form a plurality or majority of the population in 11 Arbitron markets.<sup>47</sup> In one of these markets (Las Cruces, N.M.), there are no Latino or any minority owners. Latinos own a majority of the stations in just one of the seven markets where Latinos comprise a majority of the population (Laredo, Texas). There are Latino owners present in 22 of the 25 top markets by Latino population. However, even in these markets, the level of Hispanic or Latino ownership is up to eight times below the proportion of the Latino population living there (see Figure 23). In 277 of the 298 radio markets, the percentage of Latinos living in the market is greater than the percentage of local radio stations owned by Latinos.

**Figure 23: Top 25 Arbitron Radio Markets by Hispanic or Latino Population**

Market Rank	Market	Percent Hispanic or Latino Population in Market	Percent of Radio Stations in Market Owned by Hispanics or Latinos
205	Laredo, TX	95.4	62.5
58	McAllen-Brownsville-Harlingen, TX	88.3	45.5
76	El Paso, TX	82.3	10.5
227	Las Cruces, NM	65.5	0.0
136	Corpus Christi, TX	58.1	21.4
29	San Antonio, TX	52.8	22.0
100	Visalia-Tulare-Hanford, CA	52.7	28.6
180	Merced, CA	48.0	13.3
66	Fresno, CA	46.8	7.7
236	Santa Fe, NM	45.1	27.3
12	Miami-Ft. Lauderdale-Hollywood, FL	44.6	20.0
126	Victor Valley, CA	43.9	23.3
2	Los Angeles, CA	43.7	12.7
70	Albuquerque, NM	43.5	5.6
78	Bakersfield, CA	42.7	9.4
80	Monterey-Salinas-Santa Cruz, CA	42.2	27.3
25	Riverside-San Bernardino, CA	41.7	15.4
187	Odessa-Midland, TX	40.1	10.0
137	Palm Springs, CA	40.1	0.0
253	Pueblo, CO	39.8	50.0
200	Yakima, WA	39.3	0.0
108	Modesto, CA	37.6	16.7
207	Santa Maria-Lompoc, CA	36.9	21.4
211	Santa Barbara, CA	36.9	7.1
120	Oxnard-Ventura, CA	36.0	25.0

Source: FCC Form 323 filings; BIA Financial; Free Press Research

<sup>47</sup> Latinos form a majority in the following markets: Laredo, Texas; McAllen-Brownsville-Harlingen, Texas; El Paso, Texas; Las Cruces, N.M.; Corpus Christi, Texas; San Antonio, Texas; and Visalia-Tulare-Hanford, Calif.. In addition, Latinos form a plurality in Merced, Calif.; Fresno, Calif.; Miami-Ft. Lauderdale, Fla.; and Los Angeles.

While there is only one Arbitron radio market where African-Americans constitute a majority of the population (Albany, Ga.), the African-American proportion of the population is at or above the nationwide level in all 298 rated markets. However, black-owned stations are present in just a third of these markets. Figure 40 shows the 25 markets with the highest percentages of African-Americans living within each market. Three of these markets have no African-American-owned stations (Meridian, Miss.; Monroe, La.; and Jackson, Tenn.), even though more than a third of the population is African-American.

In the 22 remaining markets, the level of African-American-ownership is up to 12 times below the black proportion of the total population (see Figure 24). In 282 of the 298 radio markets, the percentage of African-Americans living in the market is greater than the percentage of local radio stations owned by African-Americans.

**Figure 24: Top 25 Arbitron Radio Markets by Black or African-American Population**

Market Rank	Market	Percent Black or African American Population in Market	Percent of Radio Stations in Market Owned by Blacks or African Americans
270	Albany, GA	51.6	6.3
118	Jackson, MS	46.7	28.6
49	Memphis, TN	45.0	4.8
273	Columbus-Starkville-West Point, MS	44.1	28.6
202	Rocky Mount-Wilson, NC	42.5	37.5
186	Columbus, GA	41.9	33.3
216	Florence, SC	41.4	4.5
151	Montgomery, AL	40.5	10.5
297	Meridian, MS	40.2	0.0
132	Shreveport, LA	38.2	33.3
57	New Orleans, LA	38.1	3.1
155	Macon, GA	37.7	7.7
257	Monroe, LA	34.4	0.0
109	Augusta, GA	34.2	20.0
91	Columbia, SC	34.0	32.0
158	Savannah, GA	33.8	16.7
219	Hilton Head, SC	33.7	20.0
290	Jackson, TN	33.7	0.0
129	Fayetteville, NC	33.6	5.3
77	Baton Rouge, LA	32.4	5.6
269	Valdosta, GA	32.0	13.3
88	Charleston, SC	31.7	10.3
41	Norfolk-VA Beach-Newport News	31.2	8.3
55	Richmond, VA	30.7	19.4
234	Tuscaloosa, AL	30.2	14.3

Source: FCC Form 323 filings; BIA Financial; Free Press Research

Honolulu is the only Arbitron market where Asians constitute a majority of the population, and Asian owners control three of the 31 commercial radio stations there. There are no Asian owners present in 15 of the 34 markets where the Asian proportion of the population is at or above their nationwide level. In 281 of the 298 radio markets, the percentage of Asians living in the market is greater than the percentage of local radio stations owned by Asians.

**Figure 25: Top 25 Arbitron Radio Markets by Asian Population**

Market Rank	Market	Percent Asian Population in Market	Percent of Radio Stations in Market Owned by Asians
64	Honolulu, HI	55.1	9.7
35	San Jose, CA	29.4	6.3
4	San Francisco, CA	21.5	6.8
2	Los Angeles, CA	13.3	11.3
81	Stockton, CA	13.0	0.0
39	Middlesex-Somerset-Union, NJ	11.7	20.0
27	Sacramento, CA	10.2	5.7
17	San Diego, CA	9.7	3.8
284	Ithaca, NY	9.5	0.0
14	Seattle-Tacoma, WA	9.4	5.5
1	New York, NY	8.8	10.2
8	Washington, DC	8.3	13.6
66	Fresno, CA	8.2	2.6
147	Ann Arbor, MI	7.9	0.0
222	Champaign, IL	7.8	0.0
112	Morristown, NJ	7.3	0.0
171	Anchorage, AK	6.9	0.0
141	Trenton, NJ	6.8	22.2
120	Oxnard-Ventura, CA	5.9	0.0
32	Las Vegas, NV	5.8	0.0
180	Merced, CA	5.7	6.7
11	Boston, MA	5.6	3.2
245	Lafayette, IN	5.6	0.0
6	Houston-Galveston, TX	5.5	3.6
80	Monterey-Salinas-Santa Cruz, CA	5.4	0.0

Source: FCC Form 323 filings; BIA Financial; Free Press Research

There are no American Indian or Native Alaskan owners present in 59 of the 61 markets where the American Indian or Native Alaskan proportion of the population is at or above their nationwide level. In 294 of the 298 radio markets, the percentage of American Indian or Native Alaskans living in the market is greater than the percentage of local radio stations owned by this minority group.

There are no Native Hawaiian or Pacific Islander owners present in all 10 of markets where the Native Hawaiian or Pacific Islander proportion of the population is at or above their nationwide level. There are no Native Hawaiian or Pacific Islander-owned stations in the Honolulu Arbitron market.

Stations owned by women are present in just 126 of the 298 U.S. Arbitron radio markets. Women make up the majority of the population in 253 of the 298 U.S. Arbitron radio markets, and are above 46 percent of the population in the remaining 45 markets. However, in there are no women owners in 144 of the 253 markets where women comprise a majority of the population.

The Stamford-Norwalk, Conn. market is the only market in the U.S. where women own more than half of the stations, and the only market where the percentage of stations owned by women exceeds the percentage of women living in the market. (Cox Enterprises owns four of the six commercial stations in Stamford-Norwalk, Conn.) In total, women own more than 25 percent of a market's stations in just 18 of the nation's 298 radio markets; they own more than one-third of a market's stations in just six markets.

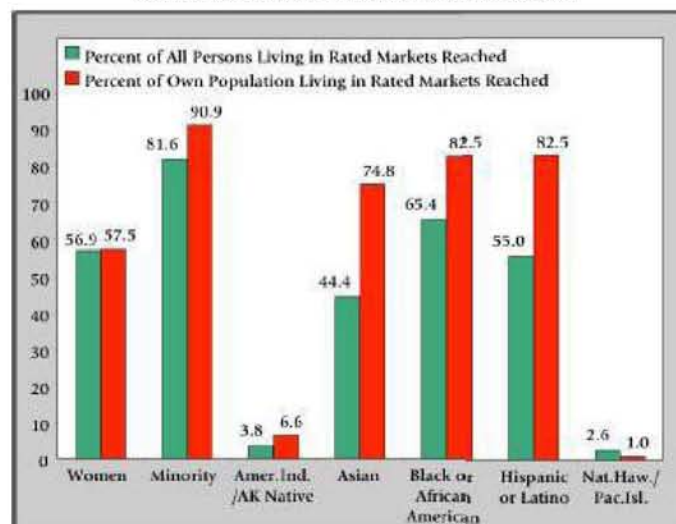
## The National Reach of Female and Minority-Owned Radio Stations

Unlike the TV market, the average minority listener is reasonably likely to live in an area that is served by at least one minority-owned radio station. But there are still many minorities who live in markets that are not served by a minority owner. And far more women live in markets that aren't served by a female-owned station.

Female-owned stations reach 57 percent of all women and 57 percent of all people living in Arbitron-rated markets (see Figure 26). However, the average radio market has 18 male-owned stations but only one station owned by a woman.

Minority-owned stations reach 90.9 percent of all minorities living in Arbitron-rated markets, and reach 81.6 percent of all people living in these markets (see Figure 26). However, the average radio market has 18 white-owned stations but just two minority-owned stations.

**Figure 26: Population Reach of Female- and Minority-Owned Stations in Arbitron Radio Markets**



Source: FCC Form 323 filings; BIA Financial; U.S. Census Bureau; Free Press Research



## Female- and Minority-Owned Stations Are More Likely to Be AM Stations in Larger Radio Markets

Of the 10,506 total full-power commercial broadcast radio stations, 4,393 are AM stations and 6,113 are FM stations. FM stations are considered to be more valuable properties than AM stations, because FM stations on average have larger listening audiences and demographics coveted by advertisers, which translates into higher station revenues.<sup>48</sup> This is due in part to the fact that the FM format allows for higher quality music broadcasting.

The already low level of female and minority broadcast radio ownership is even lower in the more valuable FM market. Women own an estimated 5.54 percent of all FM stations and 6.63 percent of all AM stations. Minorities own an estimated 5.61 percent of all FM stations and 10.65 percent of all AM stations.

Breaking the numbers down further, African-Americans own an estimated 2.80 percent of all FM stations and 4.35 percent of AM stations. Latinos control 2 percent of FM stations and 4.15 percent of AM stations. American Indian/Alaska Natives own 0.27 percent of the FM stations and 1.73 percent of the AM stations, while Asians control 0.27 percent of the FM stations and 0.33 percent of AM stations (see Figure 27 and Figure 28).

**Figure 27: Ownership of Full-Power Commercial AM Radio Stations By Gender and Race/Ethnicity**

Category	Owner	AM Stations		
		Number of AM Stations	Percent of All Commercial Full-Power AM Radio Stations	Estimated Actual Percent of All Commercial Full-Power AM Radio Stations*
Gender	Female	280	6.37	6.63
	Male	3,501	79.74	81.32
	No Controlling Interest	519	11.79	12.06
	Unknown	93	2.09	
Race/Ethnicity	Amer.Indian/AK Native	74	1.68	1.73
	Asian	14	0.32	0.33
	Black or African American	179	4.07	4.35
	Hispanic or Latino	171	3.89	4.15
	Nat.Hawaiian/Pac.Isl.	4	0.09	0.09
	All Minority	442	10.06	10.65
	Non-Hispanic White	3,615	82.31	85.20
	No Controlling Interest	181	4.12	4.14
	Unknown	155	3.51	
Total		4,393		

Source: FCC Form 323 filings; Free Press Research

\* Estimates are based on known owners and estimates of the ownership of stations where ownership gender and/or race could not be determined

<sup>48</sup> In our sample, the average audience share for AM stations was 0.48, significantly lower than the 1.77 share for FM stations. The AM stations in our sample had an average annual station revenue of \$649,000 per station, significantly lower than the average for FM stations, which was approximately \$1.8 million per station.



**Figure 28: Ownership of Full-Power Commercial FM Radio Stations  
By Gender and Race/Ethnicity**

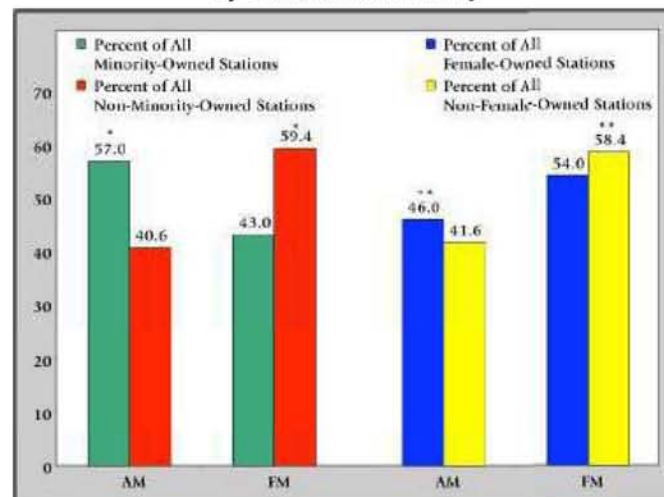
Category	All Owners	FM Stations		
		Number of FM Stations	Percent of All Commercial Full-Power FM Radio Stations	Estimated Actual Percent of All Commercial Full-Power FM Radio Stations*
Gender	Female	1,779	5.38	5.54
	Male	7,032	82.32	84.24
	No Commercial Interest	577	11.07	11.23
	Unknown	73	1.23	
Race/Ethnicity	Amer. Indian/Al. Native	16	0.26	0.27
	Asian	16	0.26	0.27
	Black or African American	107	2.75	2.80
	Hispanic or Latino	118	1.93	2.00
	Nat. Hawaiian/Pac. Isl.	17	0.28	0.28
	All Minority	174	3.46	3.61
	Non-Hispanic White	7,306	85.30	88.66
	No Commercial Interest	349	5.71	5.73
	Unknown	124	2.05	
Total		5,113		

Source: FCC Form 323 filings; Price Price Research

\* Estimates are based on license owners and estimates of the ownership of stations where owners' gender and/or race could not be determined

Nearly six out of every 10 minority-owned radio stations are on the AM dial. This is in contrast to stations not owned by minorities, where six out of every 10 are FM stations. While slightly more than half of all female-owned stations are FM, this is still a significantly lower level than non-female owners, where FM stations account for nearly six out of every 10 stations (see Figure 29).

**Figure 29: Ownership of AM and FM Radio Stations  
By Gender/Race Ethnicity**

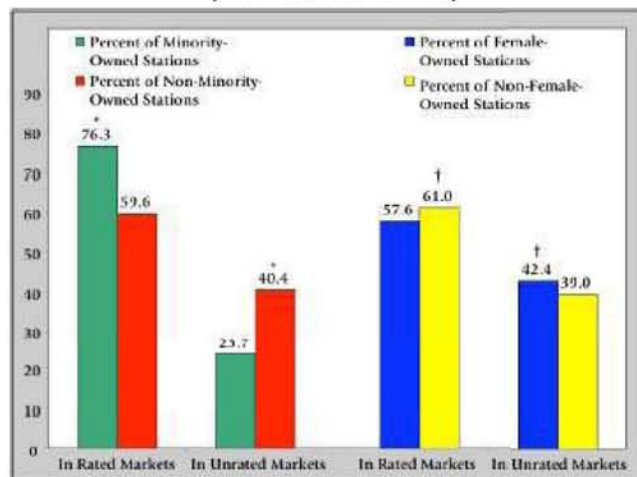


Source: FCC Form 323 filings; Price Price Research

\* difference is statistically significant at  $p < 0.001$ ; \*\* difference is statistically significant at  $p < 0.01$

Women also own a disproportionately high level of stations that are not in Arbitron-rated radio markets. While 39 percent of stations not owned by women are located in unrated markets, 42.4 percent of female-owned stations are located in these smaller, less lucrative areas (see Figure 30).

**Figure 30: Ownership of Radio Stations in Arbitron-Rated Markets  
By Gender/Race Ethnicity**

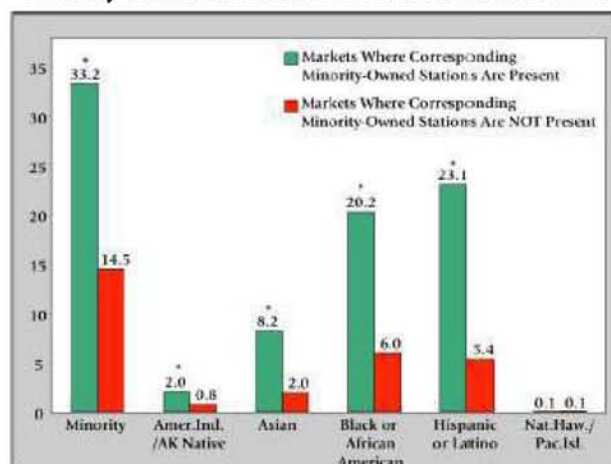


Source: FCC Form 323 filings; BIA Financial; Free Press Research

\* difference is statistically significant at  $p < 0.001$ ; † difference is statistically significant at  $p < 0.10$

For minority owners the opposite is true. Nearly eight out of every 10 minority-owned stations are in Arbitron-rated markets. For non-minority owners, six out of every 10 stations are located in rated markets. This is in part driven by demographics: Minorities tend to own stations where the minority population is higher. This tends to be the case in the larger radio markets (see Figure 31).

**Figure 31: Minority Population in Markets with  
Minority-Owned Full-Power Commercial Radio Stations**



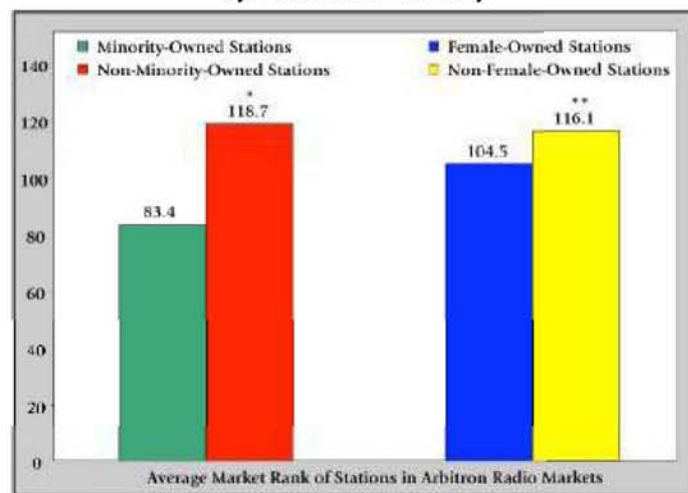
Source: FCC Form 323 filings; BIA Financial; Free Press Research

\* difference is statistically significant at  $p < 0.001$

Though a disproportionately high level of women-owned radio stations are in unrated markets, the female-owned stations that are in Arbitron markets tend to be in the larger markets. The average market rank for female-owned station in Arbitron markets is 104.5, significantly higher than rank of the average non-female-owned stations, which is 116.1. (The largest market, New York, is ranked No. 1; the smallest Arbitron market, Casper, Wyo., is ranked No. 299.)

The same pattern is also seen for the minority-owned radio stations in Arbitron markets. The average market rank for these stations is 83.4, a significantly higher rank than non-minority-owned stations, which average just under 119 (see Figure 32).<sup>49</sup>

**Figure 32: Average Market Rank  
By Gender/Race Ethnicity**



Source: FCC Form 323 filings; BIA Financial; Free Press Research

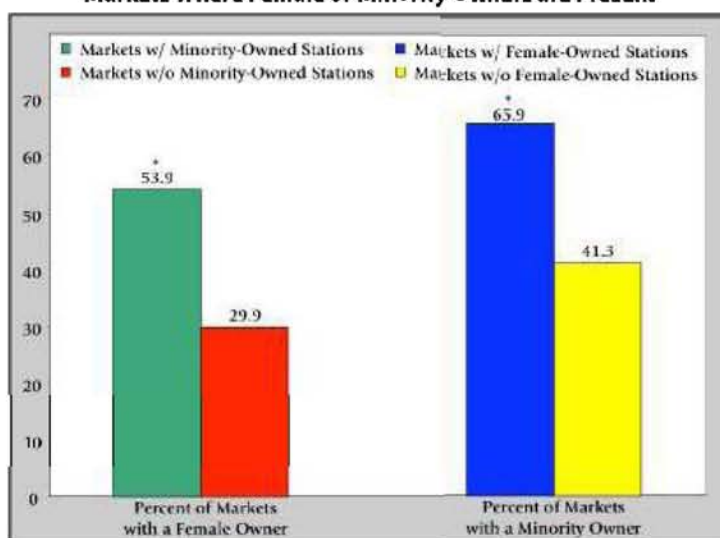
\* difference is statistically significant at  $p < 0.001$ ; \*\* difference is statistically significant at  $p < 0.05$

<sup>49</sup> These results are the exact opposite of those reported by Byerly using the flawed FCC summary reports of Form 323 data. Byerly concluded: "Data show that both women and minority broadcasters serve mainly small-town and rural areas." This error is attributable to both the fact that the Form 323 summaries missed a substantial amount of stations (mostly those owned by larger group owners) and that Byerly used the community of license as the assessment of markets served by women and minority owners, even though the site of the tower is a poor measure of the actual media market. Furthermore, the use of the Form 323 summaries did not enable comparisons with non-minority and non-female stations. (See "Questioning Media Access: Analysis of FCC Women and Minority Ownership Data," Benton Foundation and Social Science Research Council, October 2006.)

## Female and Minority Ownership Is Complementary

One of the recurring themes exhibited in the data generated by this study is that female and minority radio station ownership is complementary on a number of levels. For example, female-owned stations are present in 53.9 percent of the Arbitron markets that have a minority-owned station; by comparison, female-owned stations are only found in 29.9 percent of the markets that do not have minority-owned stations. And the reverse is true as well: Minority-owned stations are found in 65.9 percent of the Arbitron markets that have a female owner, versus just 41.3 percent of the markets that do not have a female owner present (see Figure 33).

**Figure 33: Female and Minority Radio Ownership:  
Markets Where Female or Minority Owners are Present**



Source: FCC Form 323 filings; Free Press Research

\* difference is statistically significant at  $p < 0.001$

We also found that the percentage of a station's ownership voting interest held by women is significantly higher at minority-owned stations than it is at non-minority-owned stations. Among the minority-owned stations, the average percentage of votes held by women was over 20 percent, compared to 13.5 percent at stations not owned by people of color.<sup>50</sup> The level of female voting interest control at non-female-owned stations was quite low, just under 9 percent.<sup>51</sup>

<sup>50</sup> Difference is statistically significant at  $p < 0.001$

<sup>51</sup> The level of female voting interest control at female-owned stations is 82.9 percent. This difference is statistically significant at  $p < 0.001$ .

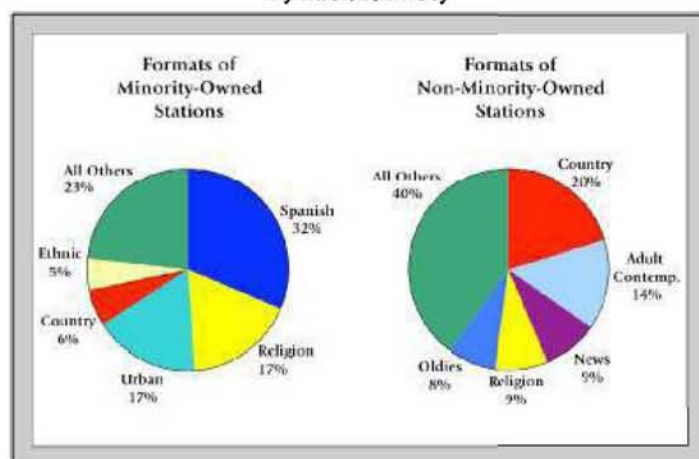


## Female- and Minority-Owned Stations: Format Diversity, Market Revenue and Audience Share

Our data indicate there are significant differences in the formats aired by minority and non-minority owners, but not generally among female and non-female owners. This explained by the fact that minority owners are more likely to choose formats that appeal to minority audiences. But these differences have a practical impact on the market status of minority-owned stations, as measured by audience ratings and share of market revenues.

The largest format category aired by minority owners is the Spanish format, accounting for nearly one-third of all minority-owned stations.<sup>52</sup> The second and third largest formats at minority-owned stations are the Religion and Urban formats, which respectively account for 17.4 percent and 16.8 percent of minority-owned stations. In total, these three formats are aired on two-thirds of all minority-owned stations but only 15 percent of stations not owned by minorities. The largest format at non-minority-owned stations is the country format, which is aired at a fifth of these stations (see Figure 34).

**Figure 34: Top Station Format Categories  
By Race/Ethnicity**



Source: FCC Form 323 filings; BIA Financial; Free Press Research

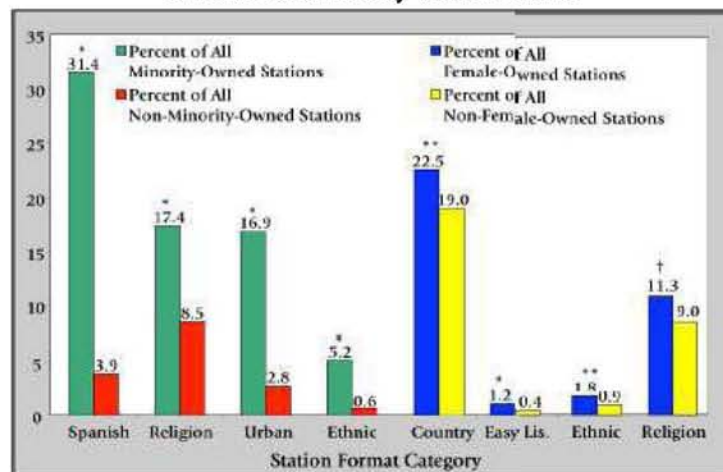
There is relatively little difference in the formats aired by female-owned stations versus those not owned by women. Both groups have the same top five formats (Country, Adult Contemporary, Religion, News, and Oldies), which account for approximately 60 percent of each group's respective stations (see Appendix A, Figure A-3).

<sup>52</sup> BIA Media Access Pro lists 20 format categories: Adult Contemporary, Album Oriented Rock/Classic Rock, Classical, Contemporary Hits/Top 40, Country, Easy Listening/Beautiful Music, Ethnic, Jazz/New Age, Middle of the Road, Miscellaneous, News, Nostalgia/Big Band, Oldies, Public/Educational, Religion, Rock, Spanish, Sports, Talk, and Urban. Within each format category, stations can be assigned numerous formats. For example, the "Spanish" format category contains formats such as Mexican, Ranchera, Reggaeton, Spanish, Spanish Adult Contemporary, Tejano, and Tropical.



The difference in formats aired on minority-owned stations is quite stark from those aired on other stations. Among the 20 general station format categories, minority-owned stations were significantly more likely to air Spanish, Religion, Urban, and Ethnic formats (see Figure 35). And these owners were significantly less likely to air many of the remaining formats, including four out of the five top formats by audience share.<sup>53</sup>

**Figure 35: Formats That Air on a Significant y Higher Proportion of Female and Minority-Owned Stations**



Source: FCC Form 323 filings; BIA Financial; Free Press Research

\* difference is statistically significant at  $p < 0.001$ ; \*\* difference is statistically significant at  $p < 0.05$

† difference is statistically significant at  $p < 0.10$

These differences suggest that the race and ethnicity of the owner has a strong effect on the type of formats put on the air. The Spanish, Urban and Ethnic formats are general format categories that cater to racial and ethnic minorities, a smaller demographic than targeted by formats like Top 40 and Rock. Furthermore, the high propensity for minority owners to air religious programming could reflect the fact that people of color, especially African-Americans, attend church far more regularly than non-Hispanic whites.<sup>54</sup>

<sup>53</sup> The following formats aired on a significantly lower percentage of minority-owned stations as compared to stations not owned by people of color: Adult Contemporary, Album Oriented Rock/Classic Rock, Contemporary Hits/Top 40, Country, News, Nostalgia, Oldies, Rock, Sports (all at  $p < 0.001$ ); Talk (at  $p < 0.05$ ); and Middle of the Road (at  $p < 0.10$ ).

<sup>54</sup> See The Association of Religion Data Archives, "General Social Survey 2004". Available at <http://www.thearda.com/Archive1/files/Descriptions/2004/2004.asp>. This survey indicated that 18.5 percent of whites reported never attending church, while only 8.5 percent of African-Americans and 14.1 percent of "other" races reported never attending church.

The decision on what format to air has important financial implications for license holders. To advertisers, it not only matters how many people are listening to a particular station. It matters *who* is listening to these stations. Radio advertisers, depending on the product they are selling, want to reach the coveted 18-34 year olds or 25-54 year olds, who they perceive as more responsive to their ads and more likely to spend money on non-discretionary items. For example, the Urban format stations had the highest audience share among all formats for the 2006 calendar year. However, these station's average share of local market revenue (2004-2005 average) is ranked sixth, 40 percent below the Album Oriented/Classic Rock format, which only ranked fourth in audience share (see Figure 36).

**Figure 36: Station Formats by Average Audience and Market Revenue Shares**

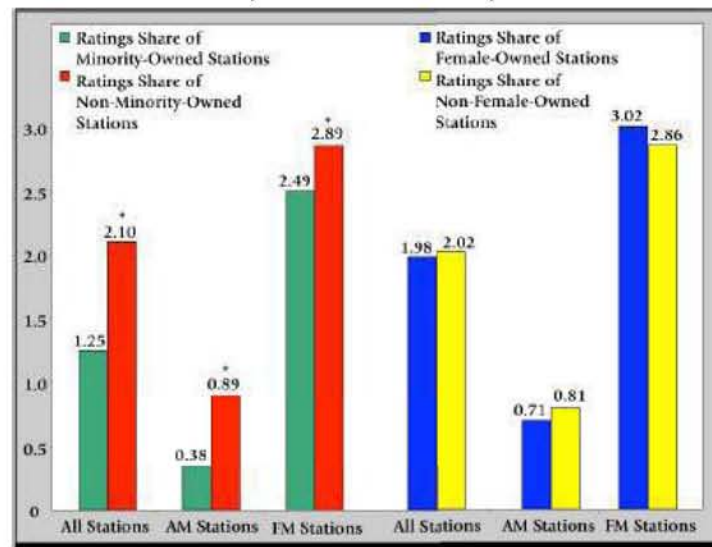
Format	Average Share of Market Revenue	Format	Average Audience Share
Album Oriented/Classic Rock	8.0	Urban	3.5
Country	7.9	Contemporary Hits	3.3
Contemporary Hits	7.4	Country	3.1
Adult Contemporary	7.1	Album Oriented/Classic Rock	2.8
Rock	5.6	Adult Contemporary	2.7
Urban	4.8	Rock	2.3
Middle of the Road	4.8	Jazz/New Age	2.1
News	4.0	Easy Listening	2.1
Oldies	4.0	Middle of the Road	1.9
Easy Listening	3.3	News	1.8
Jazz/New Age	3.0	Classical	1.8
Talk	2.0	Oldies	1.7
Spanish	2.0	Spanish	1.2
Classical	1.6	Talk	1.0
Sports	1.6	Nostalgia/Big Band	1.0
Nostalgia/Big Band	1.5	Sports	0.7
Miscellaneous	1.1	Religion	0.6
Religion	1.0	Miscellaneous	0.5
Ethnic	0.7	Ethnic	0.3

Source: FCC Form 323 filings; BIA Financial; Free Press Research

In part because the Spanish, Religion and Ethnic formats target smaller segments of the market, the average shares of audience and market revenue held by minority-owned stations is significantly lower than the audience and revenue shares of non-minority-owned stations. (This result is also due in part to the fact that minority-owned stations are more likely to be in the larger markets with more stations and competition).

The average audience share for a minority-owned station is 1.25, significantly lower than the 2.1 share earned by non-minority-owned stations. Minority-owned AM stations had an average audience share of 0.38, while non-minority-owned AM stations garnered a 0.89 share (see Figure 37).

**Figure 37: Average Audience Ratings Share By Gender/Race Ethnicity**



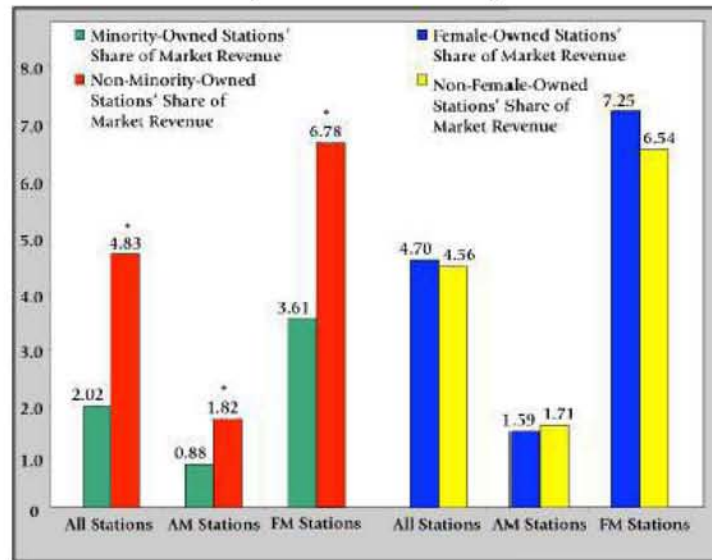
Source: FCC Form 323 filings; BIA Financial; Free Press Research

\* difference is statistically significant at  $p < 0.001$

Among all stations, those owned by minorities captured 2.02 percent of a local market's revenue on average, while non-minority-owned stations more than doubled this, controlling 4.83 percent of a local market's revenue on average (see Figure 38). These results hold even when market size is taken into account.<sup>53</sup>

<sup>53</sup> These results hold even when controlling for market size. In a Tobit regression (censored at share = 0) of audience share (or revenue share) on: minority-owned station, female-owned station, AM station (all dummy variables), number of stations in market, and market population; a minority-owned station has an audience share 0.59 units less than a non-minority-owned station ( $p < 0.0001$ ); and a revenue share of 1.72 units less than a non-minority-owned station ( $p < 0.0001$ ). When format is then controlled for, the difference for minority-owned stations remains significant (audience share difference of -0.54 at  $p < 0.0001$ ; revenue share difference of -1.04 at  $p < 0.0001$ ). However, when the size of the station owner is added to the model (dummy variable for group owner and total number of stations owned) the magnitude of the difference between minority and non-minority-owned stations decreases (audience share difference of -0.19 at  $p < 0.10$ ; revenue share difference of -0.46 at  $p < 0.10$ ). Interestingly, in this full model the difference between female and non-female-owned stations becomes significant and positive (audience share difference of +0.40 at  $p < 0.001$ ; revenue share difference of +1.08 at  $p < 0.001$ ).

**Figure 38: Share of a Market's Revenue  
By Gender/Race Ethnicity**



Source: Form 323 filings; BIA Financial; Free Press Research

\* difference is statistically significant at  $p < 0.001$

Interestingly, a significantly higher proportion of female-owned stations had a zero share than did non-female-owned stations.<sup>56</sup> Despite this, we see among all stations that those owned by women have nearly identical audience and revenue shares as those not owned by women. Furthermore, though the differences are not statistically significant, among the stations with more than zero share, those owned by women have higher audience and revenue share than those that are not.<sup>57</sup>

<sup>56</sup> Among stations in Arbitron markets, 25.6 percent of those owned by women had a zero audience share average for 2006, as compared to 20.2 percent of the stations not owned by women ( $p = 0.0139$ ). For minority-owned stations in Arbitron markets, 34.1 percent had a zero share versus 19.1 percent of the non-minority-owned stations ( $p < 0.0001$ ). The latter result again reflects the differences in formats aired. Nearly 75 percent of the Ethnic format stations in Arbitron markets earned a zero share, while 45 percent of Religion format stations had a zero share.

<sup>57</sup> Among the stations with a non-zero audience share, the female-owned stations had an average audience share of 2.66 versus a 2.53 share for the non-female-owned stations ( $p = 0.33$ ). Also, among this group, the female-owned stations had on average 6.15 percent of local market revenue, versus a 5.58 percent revenue share for the non-female-owned stations ( $p = 0.16$ ).



## Ownership and Programming Diversity: A Case Study of Talk Radio Programming

Though the focus of this study was on structural ownership and not content, recent controversy surrounding remarks by two prominent talk radio hosts prompted an examination of the airing of talk radio programming on minority- and female-owned radio stations.

On the April 4, 2007, broadcast of "Imus in the Morning," host Don Imus referred to the Rutgers University women's basketball team as "nappy-headed hos." This comment followed a remark by the show's producer Bernard McGuirk, who called the women on the team "hard-core hos." McGuirk also characterized the game between Rutgers and Tennessee as "the Jigaboos versus the Wannabees," in a reference to Spike Lee's 1989 movie *School Daze*.<sup>58</sup>

A little over a week later, as the controversy surrounding Imus' comments intensified, Rush Limbaugh said on the April 12, 2007, broadcast of his show, referring to Rev. Jessie Jackson and Rev. Al Sharpton, "They're members of the minority. Don't ever forget that this is the case. Minorities, victims, members of groups, are allowed to do anything to address their grievances and to get noticed, because, they're just, they're so oppressed." Limbaugh added: "The Reverend Jackson will climb all over everybody who violates his boundaries and his rules -- but he has no boundaries. He has no rules. He never has to apologize. Like I told you, minorities never do anything for which they have to apologize."

These comments followed Limbaugh's performance on the March 19, 2007, broadcast of his show, when the host referred to Sen. Barack Obama (D-Ill.) as a "magic negro" 27 times, picking up on a phrase in a *Los Angeles Times* article, and sung the phrase to the tune of "Puff the Magic Dragon."<sup>59</sup> In subsequent broadcasts, the show aired a pre-produced song, "Barack the Magic Negro," sung by a white comedian impersonating Rev. Sharpton, who is portrayed as jealous of Obama in the song.<sup>60</sup>

These comments raised the question: Do stations owned by minorities air these two shows less than those owned by non-minorities? After compiling a list of all affiliates that air both shows, we found that no minority-owned stations aired "Imus in the Morning" at the time of its cancellation. Minority-owned stations were also significantly less likely to air "The Rush Limbaugh Show" than non-minority-owned stations.

These results could be due to the fact that minorities own a disproportionately low level of news or talk format stations, and these formats accounted for 86 percent of the stations that broadcast these two shows. But minority-owned talk and news format stations were also less likely to air "The Rush Limbaugh Show" than other talk and news format stations — and no minority-owned talk or news stations aired Imus (see Figure 39). Stations owned by women were also less likely to air Limbaugh than stations not owned by women — a result that holds when restricted to just news and talk stations.

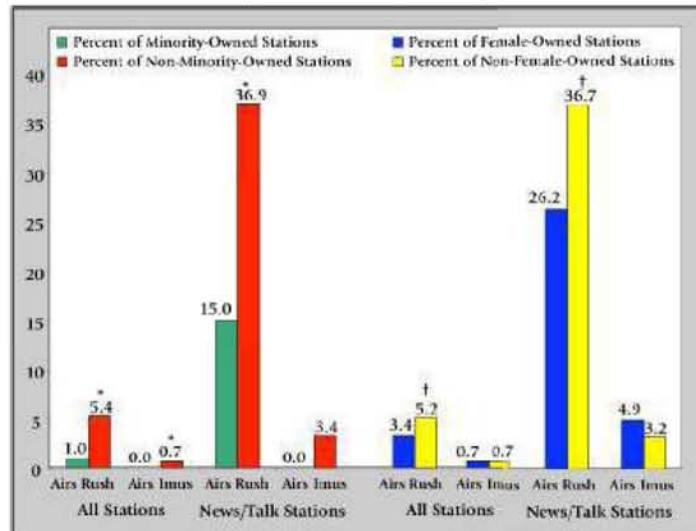
<sup>58</sup> "Imus called women's basketball team 'nappy-headed hos'", Media Matters for America, April 4 2007. Available at <http://mediamatters.org/items/200704040011>

<sup>59</sup> "Latching onto LA Times op-ed Limbaugh Sings 'Barack the Magic Negro'", Media Matters for America, March 20, 2007. Available at <http://mediamatters.org/items/200703200012>

<sup>60</sup> "Limbaugh's Snipe Targets Obama, Musical Parody Called Offensive to Candidate", Christi Parsons, *Chicago Times*, May 6 2007.



**Figure 39: Stations that Air 'Imus in the Morning' or 'The Rush Limbaugh Show'  
By Gender/Race Ethnicity**



Source: FCC Form 323 filings; BIA Financial; Host websites; Free Press Research

\* difference is statistically significant at  $p < 0.001$ ; † difference is statistically significant at  $p < 0.10$

These results were stark enough to raise further questions. Do women and minorities generally air conservative programming at lower levels than their counterparts? Are they more likely to air progressive programming?

There is prior evidence that may guide the hypotheses. Minorities tend to vote for Democratic candidates and report relatively high levels of Democratic Party identification. White males tend to vote for Republican candidates and have a higher Republican Party affiliation identification. For women, the lines are not so clearly drawn, with a near even split between the Democratic and Republican candidates in the 2004 presidential election.<sup>61</sup>

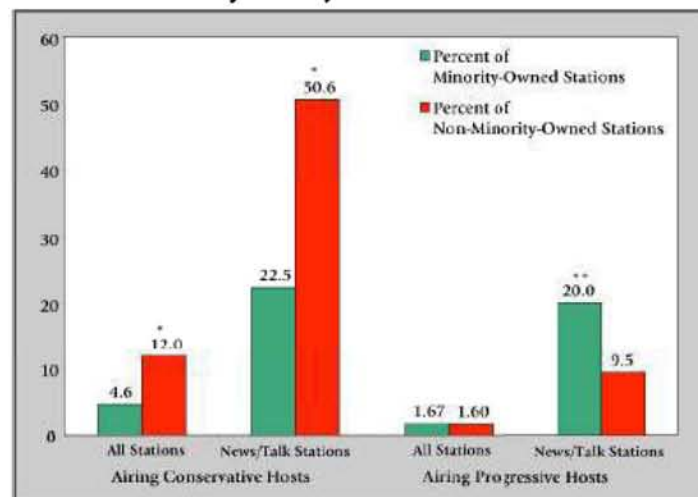
Given that minority-owned stations are more likely to be located in areas with high minority populations (see Figure 31), we might expect these owners to air talk radio programming that appeals more to a minority audience. Since the stations owned by women are less concentrated in specific geographic areas, and since the political preferences of women are not very polarized, we might expect to see no difference in the types of programming aired by female station owners.

<sup>61</sup> In the 2004 national exit poll, 88 percent African-Americans reported voting for the Democratic presidential candidate, John Kerry; 53 percent of Latinos said they voted for Kerry; 56 percent of Asians reported a Kerry vote. However, Kerry's support among white, non-Hispanic voters was much lower, gaining just 41 percent of this demographic. Only 44 percent of all men and 37 percent of all white, non-Hispanic men reported voting for Kerry. Kerry earned 67 percent of the non-white male vote. Women were nearly split, with 51 percent of all women voting for Kerry, including 44 percent of white, non-Hispanic women. Kerry had large support from non-white women, earning 75 percent of this demographic's votes. See <http://www.cnn.com/ELECTION/2004/pages/results/states/US/2004/election/04.html> for details. According to Pew, Democratic Party identification among whites was 27 percent in 2003, versus a GOP party identification of 30 percent; African-American's were overwhelmingly Democratic, 64 percent, versus just 7 percent identifying themselves as Republicans. Latinos reported a Democratic identification of 56 percent, versus 22 percent for GOP. Women reported a 36 percent Democratic Party identification, versus 29 percent for the GOP. See "The 2004 Political Landscape: Evenly Divided and Increasingly Polarized," The Pew Research Center for the People and the Press, Nov. 5, 2003; available at <http://people-press.org/reports/display.php?id=750>.

To investigate these hypotheses, we compiled a list of every affiliate of a selection of top-rated conservative and progressive hosts and examined differences in the airing of these programs by minority- and women-owned stations. For conservative hosts, we chose Rush Limbaugh, Laura Ingraham, Dr. Laura Schlesinger, Glen Beck and Bill Bennett. For progressive hosts we chose Stephanie Miller, Ed Schultz, Alan Colmes, Randi Rhodes, The Young Turks and Al Franken.<sup>67</sup> Simple two-way comparative results are presented below, and Appendix C details a more complex statistical treatment, which accounts for the variability in owners' selection whether or not to air any of the 11 hosts in our sample.

Our data indicate that minority-owned stations are less likely than non-minority-owned stations to air the conservative programming in our sample (4.6 percent of minority-owned stations, versus 12 percent of the non-minority-owned stations aired at least one of the five conservative hosts). Among talk and news format stations, 22.5 percent of minority-owned stations aired conservative programming, versus 50.6 percent of the non-minority-owned news and talk stations (see Figure 40). Though there was no difference for progressive programming between all minority and non-minority-owned stations, one-fifth of minority-owned news or talk stations aired progressive programming, versus just one-tenth of the non-minority-owned news and talk stations.

**Figure 40: Conservative vs. Progressive Hosts  
By Minority-Owned Stations**



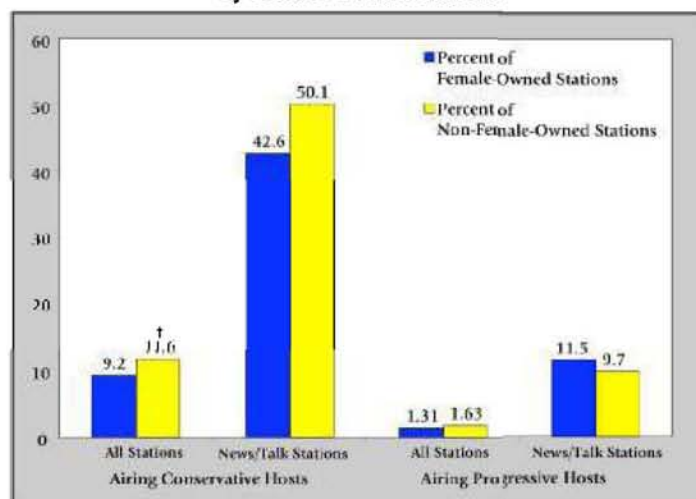
Source: FCC Form 373 filings; BIA Financial; Host websites; Free Press Research

\* difference is statistically significant at  $p < 0.001$ ; \*\* difference is statistically significant at  $p < 0.05$

<sup>67</sup> Syndicators for Sean Hannity and Michael Savage refused to provide a list of affiliates. Al Franken's show is no longer on the air. Information on all hosts was obtained on May 8-9, 2007 from host or syndicator Web sites, and was not verified for accuracy. These results are merely suggestive, and further study with a larger sample of hosts would provide further clarity. In addition, detailed accounting of voting and party identification behavior at the county level would provide a granular metric of community preferences.

Stations owned by women were less likely than those not owned by women to air the conservative hosts in our sample, though the magnitude of the difference was not as large as was observed in the case of minority owners (9.2 percent of female-owned stations aired the conservative programming, versus 11.6 percent of the non-female-owned stations). Among news and talk format stations, 42.6 percent of women-owned stations aired conservative programming, versus 50.1 percent of the non-female-owned stations, though this difference is not statistically significant. The progressive programming did air at a slightly higher level on female-owned news and talk stations (11.5 percent versus 9.7 percent of the non-female-owned news and talk format stations), but again this difference was not statistically significant (see Figure 41).

**Figure 41: Conservative vs. Progressive Hosts  
By Female-Owned Stations**

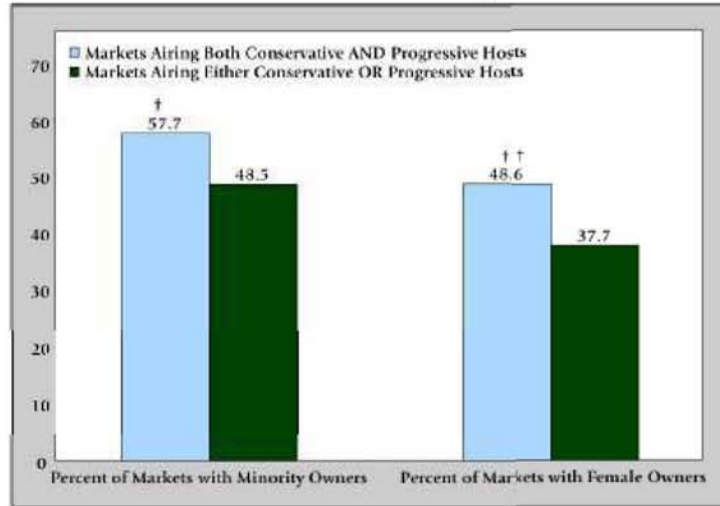


Source: FCC Form 323 filings; BIA Financial; Host Web sites; Free Press Research  
 † difference is statistically significant at  $p < 0.10$

Interestingly, the presence of a minority-owned station in a market was significantly correlated with availability of both conservative and progressive programming. Minority-owned stations were present in 57.7 percent of markets that aired both types of programming but only in 48.5 percent of markets that aired only one type. A similar result was observed for women, though the result is not quite statistically significant. Female-owned stations were present in 48.6 percent of markets that aired both types of programming, but only in 37.7 percent of markets that aired only one type (see Figure 42).

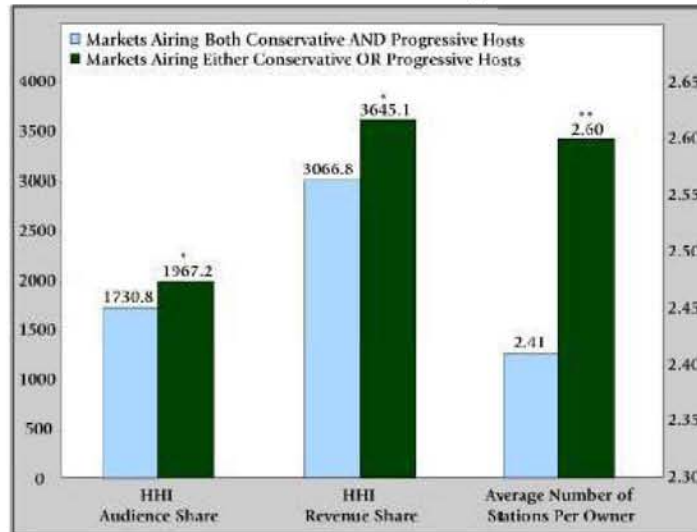
In addition, markets that aired both progressive and conservative hosts were significantly less concentrated than markets that aired just one type of programming (see Figure 43). This result, along with the other findings in this study, seems to indicate that having greater diversity of ownership – both in terms of race and gender, as well as market power – leads to greater diversity in programming.

**Figure 42: Programming Diversity and Market Diversity  
Markets with Conservative and Progressive Hosts**



Source: FCC Form 323 filings; BIA Financial; Host Web sites; Free Press Research  
<sup>†</sup> difference is statistically significant at  $p < 0.10$ ; <sup>††</sup> difference at  $p < 0.135$

**Figure 43: Market Concentration and Programming  
Markets with Conservative and Progressive Hosts**

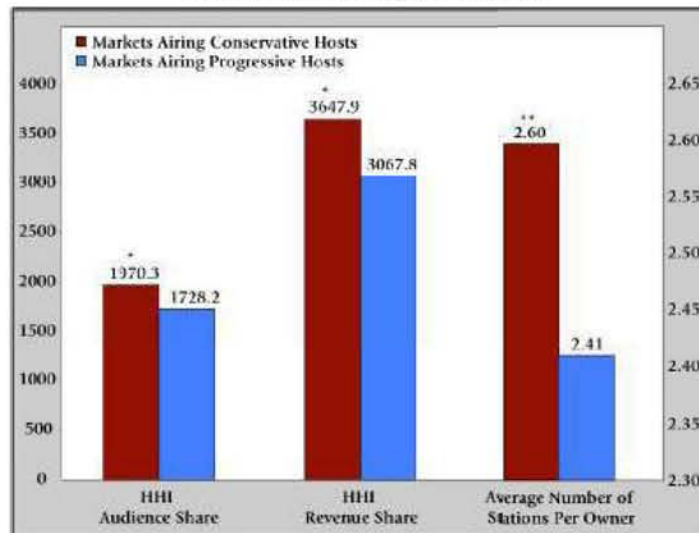


Source: FCC Form 323 filings; BIA Financial; Host Web sites; Free Press Research  
<sup>\*</sup> difference is statistically significant at  $p < 0.001$ ; <sup>\*\*</sup> difference is statistically significant at  $p < 0.05$



Overall, the markets that aired conservative programming were more concentrated than the markets that aired progressive programming (see Figure 44), a result that holds for all three measures of concentration used in this study.

**Figure 44: Market Concentration and Programming**  
**Conservative vs. Progressive Hosts**



Source: FCC Form 323 filings; BIA Financial; Host Web sites; Free Press Research

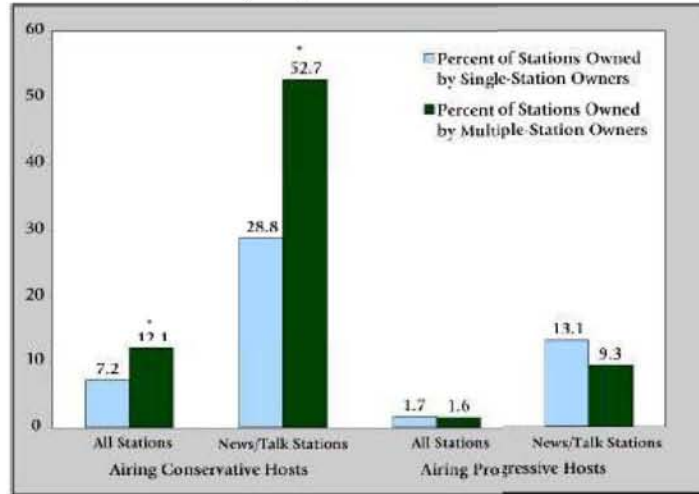
\* difference is statistically significant at  $p < 0.001$ ; \*\* difference is statistically significant at  $p < 0.05$

There were similar differences in the airing of these programs depending on the size of the station owner and whether a station is locally owned. Single-station owners aired conservative programming on 7.2 percent of their stations, while those who owned more than one station aired this type of show on 12.1 percent of their stations. Among the news and talk format stations, 23.8 percent of the stations owned by single-station owners aired conservative programming, while multiple station owners aired this programming on 52.7 percent of their talk and news format stations. News and talk format stations owned by single-station owners did air progressive programming at a slightly higher level than multiple station owners, though the difference was not statistically significant (see Figure 45).

Group owners (those who control stations in multiple markets or more than three stations in a single market) aired significantly higher levels of conservative programming. Group owners aired conservative programming on 12.5 percent of their stations, versus just 8.5 percent of the non-group-owned stations. Among the news and talk format stations, 53.6 percent of the stations owned by group owners aired conservative programming, while multiple station owners aired this programming on 35.6 percent of their talk and news format stations (see Figure 46).

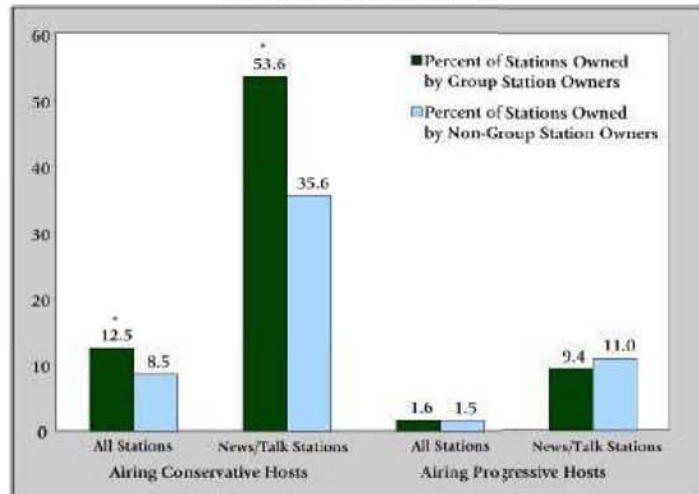


**Figure 45: Conservative vs. Progressive Hosts  
By Single-Station Owners**



Source: FCC Form 323 filings; BIA Financial; Host Web sites; Free Press Research  
\* difference is statistically significant at  $p < 0.001$

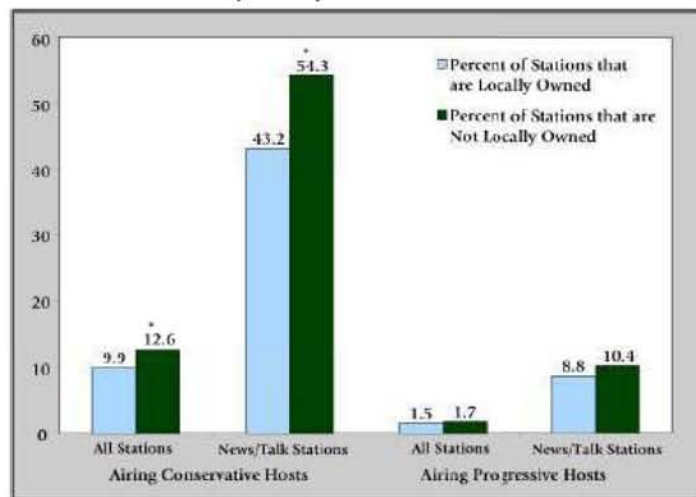
**Figure 46: Conservative vs. Progressive Hosts  
By Group Station Owners**



Source: Form 323 filings; BIA Financial; Host Web sites; Free Press Research  
\* difference is statistically significant at  $p < 0.001$

Finally, our study also found that local station owners aired significantly lower levels of conservative programming compared to non-local owners. Locally owned stations aired the conservative programming on 9.9 percent of their stations versus 12.6 percent of the non-locally owned stations. Among the news and talk format stations, 43.2 percent of the locally owned stations aired conservative programming, compared to 54.3 percent of the non-locally owned talk and news format stations (see Figure 47).

**Figure 47: Conservative vs. Progressive Hosts  
By Locally Owned Stations**



Source: FCC Form 323 filings; BIA Financial; Host Web sites; Free Press Research  
\* difference is statistically significant at  $p < 0.001$

Taken together, these data seem to indicate that potential one-sidedness on the radio dial in terms of political programming may have just as much to do with who the owners are as it does with the demands of market listeners. Where markets are less concentrated and have more diversity of ownership, we see more variety in programming. This result may seem obvious. But policymakers may have forgotten *the* reason behind ownership rules that mitigate media market concentration and consolidation: Increasing diversity and localism in ownership will produce *more* diverse speech, *more* choice for listeners, and *more* owners who are responsive to their local communities and serve the public interest.

## Conclusions and Recommendations

As the FCC goes back to the drawing board to reconsider media ownership rules, it must pay close attention to the Third Circuit's strong language regarding the Commission's failure to adequately justify its rule changes in regards to female and minority ownership. It is not sound policymaking to assert that diversity, localism and female/minority ownership are important goals, but then ignore the effects that rule changes have on these goals. Furthermore, it is a failure of responsibility to gather valuable information on ownership but then do nothing with the data. And it is inexcusable to continue to release data summaries the Commission knows to be flawed.

The findings of this study, and those in *Out of the Picture*, are crucial first steps toward understanding the true state of female and minority broadcast ownership and the effects of FCC policy on these owners. But more work needs to be completed, such a longitudinal studies examining the changes produced by the 1996 Telecommunications Act. The Commission should conduct this work and pay close attention to the changes in ownership over time.

The results of our two studies on female and minority broadcast ownership demonstrate that *any* policy changes that allow for increased concentration in television and radio markets will certainly decrease the already low number of female- and minority-owned broadcast stations. Enacting regulations that lead to such outcomes directly contradicts the Commission's statutory and legal obligations under the 1996 Telecommunications Act. Instead, the Commission should consider pro-active policies that protect and promote female and minority ownership.

It is important to note that the effects of other policies aimed at increasing female and minority broadcast ownership — such as tax credits, relaxed equity/debt attribution rules, incubator programs, or digital channel leasing — will be negligible in an environment of increased market consolidation at the local level.

The Commission needs to think hard about the damages brought about by the misguided policies of the late 1990s, which radically increased market concentration. In the radio sector alone, it is hard for a new entrant to get into the business by purchasing a single station. The realities of the consolidated marketplace mean that owners must control multiple stations in multiple markets to realize the economies of scale that are needed to prosper. But these economies of scale are artificial creations based on poor public policy decisions. The FCC has a social responsibility to restore an environment that rewards localism and dedication to community service.

In addition, we recommend the Commission take the following actions:

- The FCC Media Bureau should conduct annual comprehensive studies of every licensed broadcast radio and television station to determine the true and evolving level of female and minority ownership.
  - The study should examine the level of ownership at both the national level and at the local DMA and Arbitron market levels.
  - The study should be longitudinal, examining the changes since 1999, when the Commission began gathering gender and race/ethnicity ownership information.
  - The study should focus on station format and content, particularly paying attention to local news production.
  - The study, as well as the raw data, should be made available to the public.

- The FCC should revise and simplify the public display of individual Form 323 station filings.
  - A citizen searching for the owner of a local station should easily be able to ascertain the true identity of a station owner, and the Commission should make it easier to find out the true identity of past owners.
  - The practice of station licenses being held by layers of wholly owned entities should be thoroughly examined by the Commission. While this practice may serve a purpose for the tax liability of license holders, it serves no purpose in the identification of the those controlling the public airwaves.
  - Broadcast licenses are awarded for temporary use of the public airwaves, and the identities of the owners should be clearly stated on a single form.
- The Commission should expand the universe of stations that are required to file Form 323.
  - Currently, no owners of Class-A, translator or low-power stations are required to file ownership information with the FCC. However, the Commission states that these classes of stations are important entry points for female and minority owners. To validate this hypothesis, the Commission should extend the obligation of filing Form 323 to these stations.
  - Currently all noncommercial educational broadcasters file Form 323-E, which does not solicit information about the gender, race, and ethnicities of station owners. The Commission should require their owners to disclose this information.
- The FCC should not take any action on media ownership rules until it has thoroughly studied the issue of female and minority ownership and analyzed the effects of past policies.
  - The FCC should also complete the open proceeding on how to better implement Section 257 of the 1996 Telecommunications Act before proceeding with any rulemaking.<sup>63</sup>

In addition, Congress should move to authorize the expansion of low-power FM (LPFM) radio licenses to 3rd adjacent channels on the dial. The interference problems cited to curtail community radio in the past have been disproved, and the distribution of new licenses is long overdue. This would open thousands of new local stations across the country and promote opportunities for diverse voices to use the public airwaves. The LPFM stations that have been licensed to date have been a tremendous success, exemplifying the goal of a more diverse media system. Expanding access to these localized, non-commercial licenses would not solve the problem of minority ownership. But LPFM represents the quickest way to bring minority owned stations online while the FCC works to solve the long-term structural problems that have perpetuated a legacy of under-representation.

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<sup>63</sup> MB Docket No. 04-228, "Media Bureau Seeks Comment on Ways to Further Section 257 Mandate and to Build on Earlier Studies" DA 04-1690, June 15, 2004.

## Appendix A - Additional Tables

**Figure A1: Full Ownership Summary**

Race/Ethnicity of Owner	Gender of Owner										Percent of All Stations	Percent of All Unique Owners
	Female		Male		No Controlling Interest for Gender		Unknown		Total			
	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations	# of Unique Owners	Total # of Stations		
American Indian/Alaska Native	1	3	10	26	1	1	0	0	12	30	0.3	0.4
Asian	8	23	14	64	2	3	0	0	24	90	0.9	0.8
Black or African American	15	22	104	305	8	16	3	3	130	346	3.3	4.6
Hispanic or Latino	22	24	88	229	18	36	0	0	128	289	2.8	4.5
Native Hawaiian or Pacific Islander	0	0	1	21	0	0	0	0	1	21	0.2	0.0
White, Non-Hispanic	236	522	1,786	7,787	278	612	0	0	2300	8921	84.9	80.8
No Controlling Interest for Race/Ethnicity	0	0	8	9	14	521	0	0	22	530	5.0	0.8
Unknown Race/Ethnicity	14	15	75	92	7	7	132	165	228	279	2.7	8.0
Total	296	609	2,086	8,533	328	1196	135	168	2,845	10,506	100	100
All Minorities	46	72	217	645	29	56	3	3	295	776	7.4	10.4
Percent of All Stations	5.8		81.2		11.4		1.6		100			
Percent of All Unique Owners	10.4		73.3		11.5		4.7		100			

Source: FCC Form 323 filings; BIA Financial; Free Press Research



**Figure A2: Full Ownership and Format Summary  
By Race/Ethnicity**

American Indian /Alaska Native	Asian	Black or African American	Hispanic or Latino	Native Hawaiian/ Pacific Islander	White, Non-Hispanic	No Controlling Interest for Race	Unknown Race	All Minority-Owned Stations	Total
Number of Stations	Number of Stations	Number of Stations	Number of Stations	Number of Stations	Number of Stations	Number of Stations	Number of Stations	Number of Stations	Number of Stations
Percent of Format's Stations	Percent of Own Stations	Percent of Format's Stations	Percent of Own Stations	Percent of Format's Stations	Percent of Own Stations	Percent of Format's Stations	Percent of Own Stations	Percent of Format's Stations	Percent of All Stations
3	5	7	5	5	1,317	60	23	25	1,425
0.2	10.0	0.4	5.6	0.5	2.0	0.4	1.7	0.4	23.8
1	2	7	0	0	92.4	4.2	11.3	1.6	8.2
0.2	3.3	0.4	2.2	1.3	2.0	0.0	0.0	0.0	0.0
0	0	0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0	1	6	5	0	388	43	3	12	446
0.0	0.0	0.2	1.1	1.3	1.7	1.1	1.7	0.0	0.0
9	4	15	9	9	1,812	84	75	46	2,017
0.4	30.0	0.2	4.4	0.7	4.3	0.4	3.1	0.4	42.9
0	1	2	2	2	20	0	2	7	29
0.0	0.0	3.4	1.1	6.9	0.6	6.9	0.7	6.9	9.5
0	0	0	0	1	0	0	0	0	0
0.0	0.0	0.0	0.0	2.2	0.3	0.0	0.0	95.6	0.5
0	30	4	6	0	53	1	2	40	96
0.0	0.0	31.3	33.3	4.2	1.2	6.3	2.1	0.0	0.0
0	0	6	1	0	51	4	0	7	62
0.0	0.0	0.0	0.0	9.7	1.7	1.6	0.3	0.0	0.0
1	0	0	0	0	0	0	0	0	0
1.6	3.3	0.0	0.0	0.0	0.0	0.0	0.0	95.2	0.7
0	4	2	4	0	98	45	4	10	157
0.0	0.0	2.5	4.4	1.3	0.6	2.5	1.4	6	1.3
1	5	9	5	0	817	47	13	20	897
0.1	3.3	0.6	5.6	1.0	2.6	0.6	1.7	0.0	0.0
1	0	2	4	1	285	11	10	8	314
0.3	3.3	0.0	0.0	0.6	0.6	1.3	1.4	0.3	4.8
3	3	10	7	1	695	33	28	24	780
0.4	10.0	0.4	3.3	1.3	2.9	0.9	2.4	0.1	4.8
0	0	0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0
0	7	122	5	1	752	14	62	135	963
0.0	0.0	0.7	7.8	12.7	35.3	0.5	1.7	0.1	4.8
3	1	7	3	1	612	39	11	15	677
0.4	10.0	0.1	1.1	1.0	2.0	0.4	1.0	0.1	4.8
0	16	9	219	0	354	9	14	244	621
0.0	0.0	2.6	17.8	1.4	2.6	35.3	75.8	0.0	0.0
5	3	6	5	1	435	43	10	39	31.4
1.0	16.7	0.6	3.3	1.2	1.7	1.0	1.7	0.2	4.8
3	3	9	5	0	373	15	5	20	413
0.7	10.0	0.7	3.3	2.2	2.6	1.2	1.7	0.0	0.0
0	5	123	3	0	231	36	8	131	406
0.0	0.0	1.2	5.6	30.3	35.5	0.7	1.0	0.0	0.0
30	90	346	289	21	8921	530	279	776	10,506
0.3	100	0.9	100	3.3	100	2.8	100	0.2	100

Source: FCC Form 323 filings; BIA Financial; Free Press Research

**Figure A3: Full Ownership and Format Summary  
By Gender**

Format Category	Female		Male		No Controlling Interest for Gender		Unknown Gender		Total	
	Number of Stations	Percent of Format's Own Stations	Number of Stations	Percent of Format's Own Stations	Number of Stations	Percent of Format's Own Stations	Number of Stations	Percent of Format's Own Stations	Number of Stations	Percent of Format's All Stations
Adult Contemporary	81		1,174		153		17		1,425	
Album Oriented/Classic Rock	5.7	13.3	82.4	13.8	10.7	12.8	1.2	10.1	100	13.6
Classical	28		455		68		2		553	
Contemporary Hit Radio	5.1	4.6	82.3	5.3	12.3	5.7	0.4	1.2	100	5.3
Country	2		26		2		0		30	
Dark - Not on air	6.7	0.3	86.7	0.3	6.7	0.2	0.0	0.0	100	0.3
Easy Listening	15		374		55		2		446	
Ethnic	3.4	2.5	83.9	4.4	12.3	4.6	0.4	1.2	100	4.2
Jazz/New Age	137		1,578		250		52		2,017	
Middle of the Road	6.8	22.5	78.2	18.5	12.4	20.9	2.6	31.0	100	19.2
Miscellaneous	2		21		4		2		29	
News	6.9	0.3	72.4	0.2	13.8	0.3	6.9	1.2	100	0.3
Nostalgia/ Big Band	7		35		3		0		45	
Oldies	15.6	1.1	77.8	0.4	6.7	0.3	0.0	0.0	100	0.4
Public/Educational	11		77		6		2		96	
Religion	11.5	1.8	80.2	0.9	6.3	0.5	2.1	1.2	100	0.9
Rock	5		48		9		0		62	
Spanish	8.1	0.8	77.4	0.6	14.5	0.8	0.0	0.0	100	0.6
Sports	4		52		7		0		63	
Talk	6.3	0.7	82.5	0.6	11.1	0.6	0.0	0.0	100	0.6
Urban	6		95		54		2		157	
Total	3.8	1.0	60.5	1.1	34.4	4.5	1.3	1.2	100	1.5
Contemporary	43		745		102		7		897	
Classic Rock	4.8	7.1	83.1	8.7	11.4	8.5	0.8	4.2	100	8.5
Classical	19		252		38		5		314	
Contemporary Hit Radio	6.1	3.1	80.3	3.0	12.1	3.2	1.6	3.0	100	3.0
Country	49		621		95		15		780	
Dark - Not on air	6.3	8.0	79.6	7.3	12.2	7.9	1.9	8.9	100	7.4
Easy Listening	0		4		0		0		4	
Ethnic	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	100	0.0
Jazz/New Age	69		778		83		33		963	
Middle of the Road	7.2	11.3	80.8	9.1	8.6	6.9	3.4	19.6	100	9.2
Miscellaneous	38		558		76		5		677	
News	5.6	6.2	82.4	6.5	11.2	6.4	0.7	3.0	100	6.4
Nostalgia/ Big Band	30		535		45		11		621	
Oldies	4.8	4.9	86.2	6.3	7.2	3.8	1.8	6.5	100	5.9
Public/Educational	20		417		66		5		508	
Religion	3.9	3.3	82.1	4.9	13.0	5.5	1.0	3.0	100	4.8
Rock	18		357		36		2		413	
Spanish	4.4	3.0	86.4	4.2	8.7	3.0	0.5	1.2	100	3.9
Sports	25		331		44		6		406	
Talk	6.2	4.1	81.5	3.9	10.8	3.7	1.5	3.6	100	3.9
Urban	609		8533		1196		168		10,506	
Total	5.8	100	81.2	100	11.4	100	1.6	100	100	100

Source: FCC Form 323 filings; BIA Financial; Free Press Research

**Figure A4: Top Formats  
By Race/Ethnicity**

Minority-Owned Stations				Non-Minority-Owned Stations			
Format	Number of Minority Stations	Percent of Minority Stations	Percent of All Stations	Format	Number of Non Minority Stations	Percent of Non Minority Stations	Percent of All Stations
Spanish	244	31.4	2.3	Country	1,971	20.3	18.8
Religion	135	17.4	1.3	Adult Contemporary	1,400	14.4	13.3
Urban	131	16.9	1.2	News	877	9.0	8.3
Country	46	5.9	0.4	Religion	828	8.5	7.9
Ethnic	40	5.2	0.4	Oldies	756	7.8	7.2
Adult Contemporary	25	3.2	0.2	Rock	662	6.8	6.3
Oldies	24	3.1	0.2	Album Oriented/Classic Rock	543	5.6	5.2
News	20	2.6	0.2	Sports	488	5.0	4.6
Sports	20	2.6	0.2	Contemporary Hits/Top 40	434	4.5	4.1
Talk	20	2.6	0.2	Talk	393	4.0	3.7
Rock	15	1.9	0.1	Spanish	377	3.9	3.6
Contemporary Hits/Top 40	12	1.5	0.1	Nostalgia/Big Band	306	3.1	2.9
Album Oriented/Classic Rock	10	1.3	0.1	Urban	275	2.8	2.6
Miscellaneous	10	1.3	0.1	Miscellaneous	147	1.5	1.4
Nostalgia/Big Band	8	1.0	0.1	Middle of the Road	62	0.6	0.6
Dark - Not on air	7	0.9	0.1	Ethnic	56	0.6	0.5
Jazz/New Age	7	0.9	0.1	Jazz/New Age	55	0.6	0.5
Easy Listening	1	0.1	0.0	Easy Listening	44	0.5	0.4
Middle of the Road	1	0.1	0.0	Classical	30	0.3	0.3
Classical	0	0.0	0.0	Dark - Not on air	22	0.2	0.2
Public/Educational	0	0.0	0.0	Public/Educational	4	0.0	0.0
Total	776	100	7.4	Total	9730	100	92.6

Source: FCC Form 323 filings; BIA Financial; Free Press Research

**Figure A5: Top Formats  
By Gender**

Female-Owned Stations				Non-Female-Owned Stations			
Format	Number of Female Stations	Percent of Female Stations	Percent of All Stations	Format	Number of Non Female	Percent of Non Female	Percent of All Stations
Country	137	22.5	1.3	Country	1,880	19.0	17.9
Adult Contemporary	81	13.3	0.8	Adult Contemporary	1,344	13.6	12.8
Religion	69	11.3	0.7	Religion	894	9.0	8.5
Oldies	49	8.1	0.5	News	854	8.6	8.1
News	43	7.1	0.4	Oldies	731	7.4	7.0
Rock	38	6.2	0.4	Rock	639	6.5	6.1
Spanish	30	4.9	0.3	Spanish	591	6.0	5.6
Album Oriented/ Classic Rock	28	4.6	0.3	Album Oriented/ Classic Rock	525	5.3	5.0
Urban	25	4.1	0.2	Sports	488	4.9	4.6
Sports	20	3.3	0.2	Contemporary Hits /Top 40	431	4.4	4.1
Nostalgia/Big Band	19	3.1	0.2	Talk	395	4.0	3.8
Talk	18	3.0	0.2	Urban	381	3.9	3.6
Contemporary Hits/ Top 40	15	2.5	0.1	Nostalgia/Big Band	295	3.0	2.8
Ethnic	11	1.8	0.1	Miscellaneous	151	1.5	1.4
Easy Listening	7	1.2	0.1	Ethnic	85	0.9	0.8
Miscellaneous	6	1.0	0.1	Middle of the Road	59	0.6	0.6
Jazz/New Age	5	0.8	0.0	Jazz/New Age	57	0.6	0.5
Middle of the Road	4	0.7	0.0	Easy Listening	38	0.4	0.4
Classical	2	0.3	0.0	Classical	28	0.3	0.3
Dark - Not on air	2	0.3	0.0	Dark - Not on air	27	0.3	0.3
Public/Educational	0	0.0	0.0	Public/Educational	4	0.0	0.0
Total	609	100	5.8	Total	9897	100	94.2

Source: FCC Form 323 filings; BIA Financial; Free Press Research

## Appendix B - Statistical Appendix I

### Market Concentration and Female and Minority Radio Station Ownership

To examine the relationship between minority-ownership of full-power commercial radio stations and radio market concentration, several econometric models were constructed. We chose to treat minority or female station ownership as a *dependent* variable, and examine the *probability* that a given station (or market) will be minority- or female-owned (or contain a minority- or female-owned station) given the characteristics of a market, including the market concentration.

These probability models are generally specified as:

$$femownsta = \alpha + \beta_1(\text{concentration})_i + \beta_2(\text{mktpop})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{pctfem})_i + \beta_5(\text{AM})_i + \varepsilon_i$$

$$\text{minownsta} = \alpha + \beta_1(\text{concentration})_i + \beta_2(\text{mktpop})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{pctfem})_i + \beta_5(\text{AM})_i + \varepsilon_i$$

$$femownmkt = \alpha + \beta_1(\text{concentration})_i + \beta_2(\text{mktpop})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{pctfem})_i + \beta_5(\text{minownmkt})_i + \varepsilon_i$$

$$\text{minownmkt} = \alpha + \beta_1(\text{concentration})_i + \beta_2(\text{mktpop})_i + \beta_3(\text{pctminor})_i + \beta_4(\text{pctfem})_i + \beta_5(\text{femownmkt})_i + \varepsilon_i$$

Where

*femownsta* = dummy variable for a female-owned station.

*minownsta* = dummy variable for a minority-owned station.

*femownmkt* = dummy variable for a market with a female-owned station.

*minownmkt* = dummy variable for a market with a minority-owned station.

*concentration* = One of three variables, each measured in separate equations

*HHIshare* = the HHI for a particular market, based upon station audience share.

*HHIrev* = the HHI for a particular market, based upon an owner's share of market revenue

*stationratio* = the number of commercial stations in a market divided by the number of unique owners in that market

*mktpop* = the total population living in the Arbitron market.

*pctminor* = the percentage of a market's population that is of minority racial or ethnic status.

*pctfem* = the percentage of a market's population that are women.

*AM* = dummy variable for an AM station

Each probability model was investigated using Probit models with robust standard errors.

The results are presented below in Figures B1-B12. These results generally suggest that the probability that a given radio station is minority-owned, or female-owned, is significantly lower in more concentrated markets, even if market and station characteristics are held constant. This result is also seen when examining the probability that a *market* will have a minority-owned radio station or a female-owned radio station. Furthermore, the presence of a minority-owned station in a market increases the probability that a particular market will also have a female-owned station.



**Figure B1:**

Dependent Variable = station owned by a minority (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
Ratio of Number of Stations per Unique Owner in Market	-0.0851 (0.050)**
Total Market Population	5.26 x 10 <sup>-3</sup> (0.507)
Percent Minority Population in Market	0.0224 (0.000)***
Percent Female Population in Market	0.0247 (0.371)
AM Station	0.3915 (0.000)***
constant	-3.2589 (0.021)**
N = 6381	pseudo-R <sup>2</sup> = 0.0097

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B2:**

Dependent Variable = station owned by a female (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
Ratio of Number of Stations per Unique Owner in Market	-0.2302 (0.000)***
Total Market Population	-2.28 x 10 <sup>-3</sup> (0.036)**
Percent Minority Population in Market	0.0029 (0.067)*
Percent Female Population in Market	0.019 (0.473)
AM Station	0.0569 (0.281)
constant	-2.0779 (0.123)
N = 6381	pseudo-R <sup>2</sup> = 0.0130

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B3:**

Dependent Variable = station owned by a minority (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
HHI Audience Share	-0.000183 (0.000)***
Total Market Population	-9.75 x 10 <sup>-7</sup> (0.282)
Percent Minority Population in Market	0.2248 (0.000)***
Percent Female Population in Market	0.0605 (0.045)**
AM Station	0.3915 (0.000)***
constant	-4.9643 (0.001)***
N = 6381	pseudo-R <sup>2</sup> = 0.1015

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B4:**

Dependent Variable = station owned by a female (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
HHI Audience Share	-0.000189 (0.000)***
Total Market Population	-3.98 x 10 <sup>-8</sup> (0.001)***
Percent Minority Population in Market	0.0036 (0.025)**
Percent Female Population in Market	0.0536 (0.066)*
AM Station	0.07 (0.179)
constant	-4.0759 (0.005)***
N = 6381	pseudo-R <sup>2</sup> = 0.0076

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B5:**

Dependent Variable = station owned by a minority (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
HHI Revenue Share	-0.000035 (0.159)
Total Market Population	1.32 x 10 <sup>-3</sup> (0.879)
Percent Minority Population in Market	0.022 (0.000)***
Percent Female Population in Market	0.03 (0.292)
AM Station	0.4 (0.000)***
constant	-3.6172 (0.012)**
N = 6381	pseudo-R <sup>2</sup> = 0.0989

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B6:**

Dependent Variable = station owned by a female (0 or 1)

	Probit
	Coefficient (sig w/ robust std. error)
HHI Revenue Share	-0.00003 (0.239)
Total Market Population	-2.53 x 10 <sup>-3</sup> (0.021)**
Percent Minority Population in Market	0.0034 (0.034)**
Percent Female Population in Market	0.0262 (0.338)
AM Station	0.0807 (0.122)
constant	-2.924 (0.034)**
N = 6381	pseudo-R <sup>2</sup> = 0.0037

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B7:**

Dependent Variable = market with a minority-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
Ratio of Number of Stations per Unique Owner in Market	-0.2124 (0.100)*	-0.1847 (0.169)
Total Market Population	1.04 x 10 <sup>6</sup> (0.000)***	9.84 x 10 <sup>7</sup> (0.000)***
Percent Minority Population in Market	0.0569 (0.000)***	0.0564 (0.000)***
Percent Female Population in Market		-0.0082 (0.936)
Female Owner in Market		0.2434 (0.219)
constant	-1.296 (0.001)***	-1.0202 (0.219)
N = 298	pseudo-R <sup>2</sup> = 0.4021	pseudo-R <sup>2</sup> = 0.4061

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B8:**

Dependent Variable = market with a female-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
Ratio of Number of Stations per Unique Owner in Market	-0.4545 (0.000)***	-0.3864 (0.001)***
Total Market Population	8.92 x 10 <sup>8</sup> (0.212)	5.45 x 10 <sup>8</sup> (0.406)
Percent Minority Population in Market		-0.0012 (0.828)
Percent Female Population in Market	0.0817 (0.312)	0.0874 (0.295)
Minority Owner in Market		0.4843 (0.013)**
constant	-3.3013 (0.422)	-3.9589 (0.352)
N = 298	pseudo-R <sup>2</sup> = 0.0581	pseudo-R <sup>2</sup> = 0.0786

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B9:**

Dependent Variable = market with a minority-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
HHI Audience Share	-0.000276 (0.056)*	-0.000247 (0.092)*
Total Market Population	9.65 x 10 <sup>7</sup> (0.000)***	9.12 x 10 <sup>7</sup> (0.000)***
Percent Minority Population in Market	0.0572 (0.000)***	0.0567 (0.000)***
Percent Female Population in Market		0.012 (0.909)
Female Owner in Market		0.2459 (0.199)
constant	-1.2792 (0.001)***	-2.0123 (0.701)
N = 298	pseudo-R <sup>2</sup> = 0.4018	pseudo-R <sup>2</sup> = 0.4059

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B10:**

Dependent Variable = market with a female-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
HHI Audience Share	-0.00055 (0.000)***	-0.000475 (0.001)***
Total Market Population	3.62 x 10 <sup>8</sup> (0.585)	7.98 x 10 <sup>7</sup> (0.896)
Percent Minority Population in Market		-0.0003 (0.958)
Percent Female Population in Market	0.151 (0.079)*	0.1488 (0.090)*
Minority Owner in Market		0.4548 (0.017)**
constant	-6.8886 (0.110)	-7.1217 (0.107)
N = 298	pseudo-R <sup>2</sup> = 0.0622	pseudo-R <sup>2</sup> = 0.0814

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research



**Figure B11:**

Dependent Variable = market with a minority-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
HHI Revenue Share	-0.000062 (0.408)	-0.000052 (0.484)
Total Market Population	1.06 x 10 <sup>6</sup> (0.000)***	9.96 x 10 <sup>7</sup> (0.000)***
Percent Minority Population in Market	0.0566 (0.000)***	0.056 (0.000)***
Percent Female Population in Market		-0.0114 (0.912)
Female Owner in Market		0.2735 (0.156)
constant	-1.6063 (0.000)***	-1.1383 (0.829)
N = 298	pseudo-R <sup>2</sup> = 0.3975	pseudo-R <sup>2</sup> = 0.4026

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

**Figure B12:**

Dependent Variable = market with a female-owned station (0 or 1)

	Probit	Probit
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
HHI Revenue Share	-0.0002 (0.003)***	-0.00017 (0.007)***
Total Market Population	6.10 x 10 <sup>6</sup> (0.385)	3.05 x 10 <sup>6</sup> (0.628)
Percent Minority Population in Market		-0.0024 (0.674)
Percent Female Population in Market	0.0978 (0.231)	0.0991 (0.239)
Minority Owner in Market		0.5217 (0.007)***
constant	-4.5368 (0.274)	-4.899 (0.253)
N = 298	pseudo-R <sup>2</sup> = 0.0469	pseudo-R <sup>2</sup> = 0.0699

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Free Press Research

## Appendix C - Statistical Appendix II

### Market Concentration and Progressive vs. Conservative Talk Show Hosts

To examine the relationship between conservative versus progressive talk show programming and radio market concentration, several econometric models were constructed. The first set of models examines the effect that the presence of conservative or progressive in a market has on market concentration. In order to control for market-specific effects, several control variables were used: market population, the percent of minority population within a given market, the presence of a minority-owned station within a given market, and the presence of a female-owned station within a given market. This approach is also used to examine the relationship between markets that aired both types of programming and market concentration.

These models are generally specified as:

$$HHIshare = \alpha + \beta_1(prog\text{mkt})_i + \beta_2(con\text{mkt})_i + \beta_3(mkt\text{pop})_i + \beta_4(pct\text{minor})_i + \beta_5(minown\text{mkt})_i + \beta_5(femown\text{mkt})_i + \varepsilon_i$$

$$HHIrev = \alpha + \beta_1(prog\text{mkt})_i + \beta_2(con\text{mkt})_i + \beta_3(mkt\text{pop})_i + \beta_4(pct\text{minor})_i + \beta_5(minown\text{mkt})_i + \beta_5(femown\text{mkt})_i + \varepsilon_i$$

$$stationratio = \alpha + \beta_1(prog\text{mkt})_i + \beta_2(con\text{mkt})_i + \beta_3(mkt\text{pop})_i + \beta_4(pct\text{minor})_i + \beta_5(minown\text{mkt})_i + \beta_5(femown\text{mkt})_i + \varepsilon_i$$

$$HHIshare = \alpha + \beta_1(both\text{mkt})_i + \beta_2(mkt\text{pop})_i + \beta_3(pct\text{minor})_i + \beta_4(minown\text{mkt})_i + \beta_5(femown\text{mkt})_i + \varepsilon_i$$

$$HHIrev = \alpha + \beta_1(both\text{mkt})_i + \beta_2(mkt\text{pop})_i + \beta_3(pct\text{minor})_i + \beta_4(minown\text{mkt})_i + \beta_5(femown\text{mkt})_i + \varepsilon_i$$

$$stationratio = \alpha + \beta_1(both\text{mkt})_i + \beta_2(mkt\text{pop})_i + \beta_3(pct\text{minor})_i + \beta_4(minown\text{mkt})_i + \beta_5(femown\text{mkt})_i + \varepsilon_i$$

Where

*HHIshare* = the HHI for a particular market, based upon station audience share.

*HHIrev* = the HHI for a particular market, based upon an owner's share of market revenue

*stationratio* = the number of commercial stations in a market divided by the number of unique owners in that market

*prog**mkt* = dummy variable for a market that aired at least one of the six progressive hosts.

*con**mkt* = dummy variable for a market that aired at least one of the five conservative hosts.

*both**mkt* = dummy variable for a market that aired both types of programming

*mkt**pop* = the total population living in the Arbitron market.

*pct**minor* = the percentage of a market's population that is of minority racial or ethnic status.

*femown**mkt* = dummy variable for a market with a female-owned station.

*minown**mkt* = dummy variable for a market with a minority-owned station.

Each model was investigated as OLS models with robust standard errors.

The results are presented below in Figures C1-C3. These results generally suggest that markets that air conservative programming are more concentrated, and markets that air progressive programming are less concentrated. They also indicate that markets that air *both* types of programming are less concentrated than the market where just one type of programming is available.

**Figure C1:**

Dependent Variable = HHI Audience Share

	OLS	OLS
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
Market airing a progressive host	-121.5 (0.088)*	
Market airing a conservative host	360.7 (0.000)***	
Total market population	-0.0001 (0.000)***	-0.0001 (0.000)***
Percent minority population in market	-0.025 (0.992)	0.067 (0.979)
Minority-owned station in market	-264.7 (0.000)***	-271.1 (0.000)***
Female-owned station in market	-182.6 (0.007)***	-179.1 (0.008)***
Market airing BOTH a conservative host and a progressive host		-118.8 (0.094)*
Constant	1865.2 (0.000)***	2222.4 (0.000)***
N = 280	R <sup>2</sup> = 0.2139	R <sup>2</sup> = 0.2119

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Host websites; Free Press Research

**Figure C2:**

Dependent Variable = HHI Revenue Share

	OLS	OLS
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
Market airing a progressive host	-361.8 (0.014)**	
Market airing a conservative host	92.5 (0.565)	
Total market population	-0.0002 (0.001)***	-0.0002 (0.001)***
Percent minority population in market	-9.13 (0.104)*	-9.04 (0.106)
Minority-owned station in market	-451.1 (0.020)**	-457.1 (0.018)**
Female-owned station in market	-457.0 (0.001)***	-453.6 (0.001)***
Market airing BOTH a conservative host and a progressive host		-359.3 (0.014)**
Constant	4247.6 (0.000)***	4336.9 (0.000)***
N = 280	R <sup>2</sup> = 0.2276	R <sup>2</sup> = 0.2272

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Host websites; Free Press Research

**Figure C3:**  
Dependent Variable = Number of Stations per Unique Owner

	OLS	OLS
	Coefficient (sig w/ robust std. error)	Coefficient (sig w/ robust std. error)
Market airing a progressive host	-0.133 (0.078)*	
Market airing a conservative host	0.580 (0.000)***	
Total market population	-0.0000 (0.641)	-0.0000 (0.657)
Percent minority population in market	-0.002 (0.518)	-0.002 (0.547)
Minority-owned station in market	-0.230 (0.020)**	-0.239 (0.015)**
Female-owned station in market	-0.219 (0.007)***	-0.214 (0.008)***
Market airing BOTH a conservative host and a progressive host		-0.129 (0.086)*
Constant	2.267 (0.000)***	2.842 (0.000)***
N = 280	R <sup>2</sup> = 0.0989	R <sup>2</sup> = 0.0952

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: Form 323 filings; BIA Financial; Host websites; Free Press Research

We also wanted to investigate the relationship between station owner gender or race/ethnicity, and the propensity to air either type of programming. Because there are underlying reasons that dictate the choice of whether or not to air *any* of these 11 hosts, it is best to first model the probability that a station will choose to air any of the 11 shows (selection model), then based on that result, estimate the outcome - whether a station aired a conservative or progressive host (outcome models). This approach is desired when dealing with a "limited" variable such as this, where only 12.6 percent of all 10,506 stations aired any of the 11 hosts.



The selection models was specified as:

$$\text{shows} = \alpha + \beta_1(\text{minownsta})_i + \beta_2(\text{femownsta})_i + \beta_3(\text{singleown})_i + \beta_4(\text{localown})_i + \beta_5(\text{mktpop})_i + \beta_6(\text{pctminor})_i + \beta_7(\text{starev})_i + \beta_8(\text{newsform})_i + \beta_9(\text{talkform})_i + \varepsilon_i$$

The outcome models were specified as:

$$\text{consta} = \alpha + \beta_1(\text{minownsta})_i + \beta_2(\text{femownsta})_i + \beta_3(\text{singleown})_i + \beta_4(\text{localown})_i + \beta_5(\text{mktpop})_i + \beta_6(\text{pctminor})_i + \beta_7(\text{starev})_i + \varepsilon_i$$

$$\text{progsta} = \alpha + \beta_1(\text{minownsta})_i + \beta_2(\text{femownsta})_i + \beta_3(\text{singleown})_i + \beta_4(\text{localown})_i + \beta_5(\text{mktpop})_i + \beta_6(\text{pctminor})_i + \beta_7(\text{starev})_i + \varepsilon_i$$

Where

*shows* = dummy variable for a station that aired any of the 11 shows

*progsta* = dummy variable for a station that aired at least one of the six progressive hosts.

*connkt* = dummy variable for a station that aired at least one of the five conservative hosts.

*femownsta* = dummy variable for a female-owned station.

*minownsta* = dummy variable for a minority-owned station.

*singleown* = dummy variable for a station owned by a single station owner.

*localown* = dummy variable for a station that is locally owned.

*mktpop* = the total population living in the Arbitron market.

*pctminor* = the percentage of a market's population that is of minority racial or ethnic status.

*starev* = average station revenue for 2004-2005.

*newsform* = dummy variable for a news format station

*talkform* = dummy variable for a talk format station

Each model was investigated as a Heckman maximum likelihood model.

The results are presented below in Figures C4-C5. These results generally suggest that minority and single-station owners are less likely to air conservative programming, and more likely to air progressive programming. The coefficient for local ownership was not statistically significant in the outcome models.

**Figure C4:**

Dependent Variable = Station Airs a Conservative Host (0 or 1)

N = 10,506	Heckman Maximum Likelihood Estimation Probit	
	Selection Model (=1 if airs any progressive or conservative host)	Outcome Model (=1 if airs a conservative host)
	Coefficient (significance)	Coefficient (significance)
Minority-Owned Station	-0.195 (0.018)**	-0.446 (0.053)*
Female-Owned Station	-0.0310 (0.699)	-0.0048 (0.984)
Station owned by Single Station Owner	-0.175 (0.003)***	-0.421 (0.007)***
Locally Owned Station	-0.114 (0.003)***	0.112 (0.324)
Total Market Population	-2.66 x 10 <sup>-1</sup> (0.028)**	-1.48 x 10 <sup>-7</sup> (0.000)***
Percent Minority Population in Station's Market	-0.001 (0.346)	0.0002 (0.953)
Station Revenue (2004-2005 average, in thousands \$)	-3.46 x 10 <sup>-5</sup> (0.523)	0.0002 (0.001)***
Format = News	1.726 (0.000)***	
Format = Talk	1.571 (0.000)***	
Constant	-1.389 (0.000)***	1.031 (0.000)***

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: FCC Form 323 filings; BIA Financial; Host websites; Free Press Research

**Figure C5:**

Dependent Variable = Station Airs a Progressive Host (0 or 1)

N = 10,506	Heckman Maximum Likelihood Estimation Probit	
	Selection Model (=1 if airs any progressive or conservative host)	Outcome Model (=1 if airs a progressive host)
	Coefficient (significance)	Coefficient (significance)
Minority-Owned Station	-0.196 (0.017)**	0.552 (0.008)***
Female-Owned Station	-0.0310 (0.699)	-0.0160 (0.940)
Station owned by Single Station Owner	-0.175 (0.003)***	0.261 (0.068)*
Locally Owned Station	-0.114 (0.003)***	-0.011 (0.907)
Total Market Population	-2.69 x 10 <sup>-1</sup> (0.027)**	-1.29 x 10 <sup>-7</sup> (0.000)***
Percent Minority Population in Station's Market	-0.001 (0.344)	0.0019 (0.483)
Station Revenue (2004-2005 average, in thousands \$)	-3.38 x 10 <sup>-5</sup> (0.532)	-0.0002 (0.000)***
Format = News	1.722 (0.000)***	
Format = Talk	1.581 (0.000)***	
Constant	-1.389 (0.000)***	-0.637 (0.000)***

\* = significant at 10% level; \*\* = significant at 5% level; \*\*\* = significant at 1% level

Source: FCC Form 323 filings; BIA Financial; Host websites; Free Press Research